

BUSINESS WEEK

FEB. 5, 1949



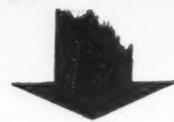
Carl W. Meyers: Increased profits enable Colorado Fuel & Iron to expand (page 6)

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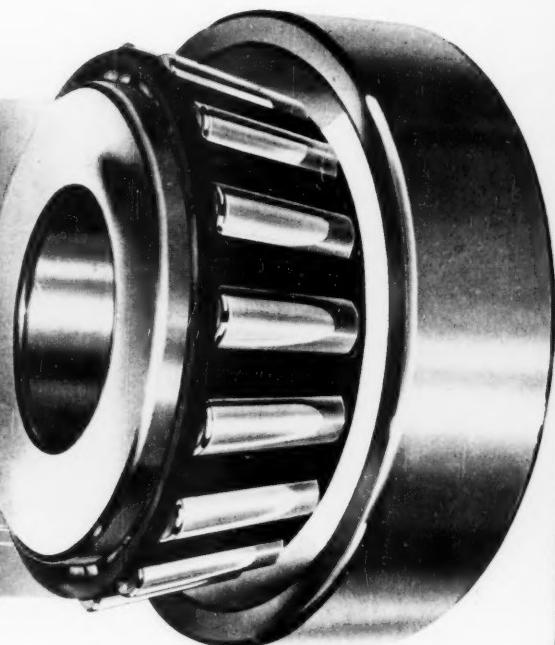
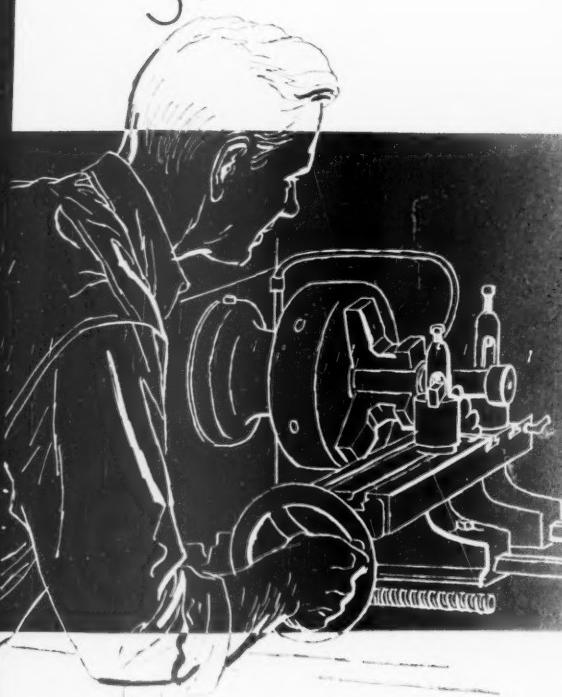
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"Vision is Indispensable to Progress"

The big news in textiles —fabrics that laugh at sun, soil, water and flame

In 1948, the world's oldest manufacturing industry spent over five hundred million dollars on plant improvements, new machinery and research.

Revolutionary textiles now appearing on the market possess qualities which men have sought for centuries. Their rich, enduring beauty would astonish even the patient craftsmen of ancient Persia. According to man's needs, fabrics are at his command which are resistant to water, flame, moths, stains, mildew, shrinkage, fading, abrasion, wrinkling, stretching.

These better textiles were born of research—research by mills and groups of mills, by chemical and machinery suppliers, by private groups and universities. And still the work goes on.

Scientists are exploring the use of ultrasonic vibration baths to clean and dye fabrics with greater efficiency . . . probing

the molecular structure of wool, cotton and synthetics to develop even better yarns at lower cost.

New production developments include a machine that knits 500 rows, 14 feet wide, every 60 seconds—and continuous-process equipment that washes, bleaches and dyes cloth in one operation at a speed of 150 to 300 yards a minute!

The dollars devoted to research and development by the textile industry join the stream of other dollars spent by our

industries to produce more and better things for more people—the traditional goal of American business.

This is the open secret of America's success—the fact that people gain more for themselves by providing more for others.

The soundness of this principle—*greater profit through greater service*—is fully demonstrated by the vision and the accomplishments of modern American industry.

BANKERS TRUST COMPANY
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WITH GOOD FARMING

they made the desert



(Above, right) Charlotte and James Thain look over scrapbooks highlighting family's rise to security.

(Left, top) Irrigated corn rivals Iowa's best. Mechanized equipment includes 3 tractors, bulldozer, carryall, combine, haybaler, 2 jeeps, command car, truck, 3 milking machines.

(Left, middle) Up-to-date dairy barn with refrigeration room and Grade-A Holsteins are trade-marks of prosperity.

(Left, bottom) Here the wives of Paul and Marvin can food for the Mormon Church's welfare program.



Roy, left, and Marvin man the Benson booth at Cache County Fair. The Thains have won many championships and blue ribbons with their outstanding Holstein herd.

The best people in the Country

turn to **Country Gentleman**
for Better Farming, Better Living

yield good living

THEIR Utah valley was so dry that there was once a standing offer of \$10,000 to any man who could grow one ear of corn in it. Yet the Mormon clan of Thains have worked a miracle here. Since the early 1900's they have raised the value of their desert grubstake from \$1.50 to \$250 an acre. Their prosperous 160-acre homestead now supports 14 Thains belonging to four generations.

Plenty of grit and energy and cautious foresight have added up, for the Thains, to the kind of farming that sooner or later pays off.

Great-grandfather Jim Thain, 78, settled in Cache Valley with his father. Years before electricity came to the valley, the Thains struggled to buy a gasoline-engined pump to begin irrigating their crops—first wheat, then beets. Eventually, they turned to dairying, and today their high-producing herd of 50 purebred Holsteins ranks among the best in the state.

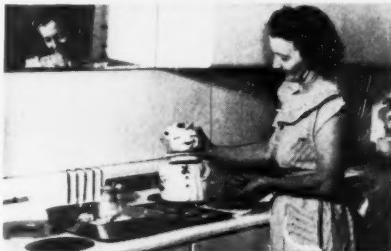
Comfortable homes, solid outbuildings, fertile land, finely bred stock, modern mechanical aids reflect the Thains' triumph over the desert. How they won their good living through good farming is told in the February issue of *Country Gentleman*—one of a series of inspiring true-to-life sketches of families who read this magazine.

Country Gentleman is read by The Best People in the Country. Throughout rural America, 75.5% of *Country Gentleman* families have mechanical refrigerators—more than 58% of families have two or more radios—car ownership averages 103.2 per 100 families—78.7% of families carry life insurance and 87.8% property insurance.

There's a rare comradeship among all Thains. As a family they add up to pretty fair insurance against any kind of trouble.



Grandma Thain remembers how her modernized 11-room home grew from one room. There's a separate wing for Marvin's family, another neat house for Roy's,



Mrs. Marvin Thain works in a kitchen with modern equipment—efficient electric range, gleaming white cabinets, and other labor-saving small appliances.

Country Gentleman

2,300,000 circulation concentrated among the "top-half" farm families who receive 90% of all U. S. farm income.



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BUSINESS WEEK • Feb. 5, 1949



Can You Guess the Name of This City?

It's a very important city to many millions of people, but you won't find it on the map. It's the Telephone City that the Bell System has built since the war. Every building shown in the picture is a telephone building.

We've taken 392 major building projects and additions that the Bell System has completed throughout the country and had the artist show them in one picture. And that's only one-seventh of the Bell Telephone buildings erected or enlarged since

V-J Day. There wasn't room for 2400 others.

These buildings are more than brick and stone and telephone equipment.

They are jobs for thousands of men and women. They are more business for the towns and cities in which they are located. They are more and better telephone service for millions of telephone users.

When you look at all these buildings you can see how the Bell System is growing to catch up with the nation's needs. You can also see why it is necessary for the telephone

business to have reasonable earnings.

For the money for buildings like these does not come out of the money you pay for telephone service.

It must come from investors—hundreds of thousands of everyday men and women all over America who are willing to invest their savings in the telephone business.

Reasonable earnings are needed to attract additional investors' dollars. You have an interest in this because these dollars are used to provide you with more and better telephone service.

BELL TELEPHONE SYSTEM



BUSINESS IN MOTION

To our Colleagues in American Business ...

A rather recent development in the housing field is the combination screen and storm window. This is installed permanently, and greatly eases the otherwise difficult job of changing from screens to storm windows and vice versa. An exceedingly interesting new window of this general type has just been shown to Revere because it is made of a Revere brass.

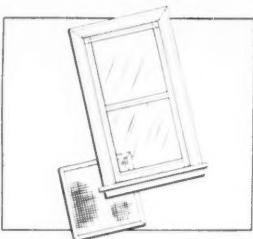
The new window is entirely brass-framed, and fits flush into the house window, making it wind-and-weather tight. It has two brass-bound glass panes sliding in brass channels and held firmly in place by a simple brass slide. These panes, either or both, can be removed by hand in a few seconds from inside the house, and a screen panel substituted. At the bottom of the window is a narrow brass insert which can be removed if only a small amount of ventilation is desired. An additional feature is the provision of a slip joint with $\frac{5}{8}$ inch play to take up expansion and contraction such as sometimes occurs, particularly in new houses, and to permit adjustment to older houses whose windows may not be quite true or uniform in dimensions.

Brass is a generic term, because copper and zinc can be successfully alloyed in various proportions. Thus there are many brasses. In addition, each is available in different tempers, gauges and the like. The manufacturer of this window said that he had always regarded brass as a quality material, and never thought of using anything else. Since the method of

fabrication requires severe forming, including some 180-degree bends, he came to Revere for assistance in selecting the right alloy, temper and annealing technique. The result is a window that is good looking, with a golden red color. Under difficult weather conditions, as at the seashore, it stands up and should outlast the house. Naturally, it cannot rust, rot, or warp.

Revere's collaboration with the window manufacturer is typical. When requested, we are delighted to tell all we know about our many metals, not only the brasses, but also bronzes, coppers, and aluminum alloys. These are made in various forms, including sheet and strip, bar, rod and wire, forgings, and extruded shapes. The latter, incidentally, in brass, copper and aluminum, have many architectural uses, including windows, thresholds, hand rails and the like.

We regard every material as having its own advantages, many of which are not shared with other products. That is why there are so many different Revere metals and alloys, offering a wide choice. This diversity of products, and complete knowledge about them, is customary in American industry. No matter what any supplier makes, he is well informed about it, and is only too glad to share his knowledge. After all, his customers make it possible for him to increase his business and his knowledge. In other words, you pay for both experience and materials. Are you using both?



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THE COVER

After less than 30 months under the presidency of Carl W. Meyers, Colorado Fuel & Iron Corp., has: (1) paid off \$11-million in old "dead horse" obligations—leaving it debtless, except for normal operating loans; and (2) carried forward a modest but steady modernization program at its nine plants scattered from California to Massachusetts.

• **The Profits**—Good profits lie behind both these accomplishments. In the last six months of 1948, C.F. & I.'s net income of \$5,696,257 came close to the previous 12 months' total of \$6,181,777—and far exceeded fiscal 1947's \$4,329,991.

This week the 25-year-old company was going ahead with the chief expansion item that the earnings are making possible—a \$5-million rod mill that's due to start operating in the fall at C.F. & I.'s Minnequa plant, Pueblo, Colo.

More cautious than most steelmen, Meyers says that his company's big expansion push must wait a year—for a better look at the steel scene. Here's one angle: F.o.b. pricing hasn't hurt the Pueblo mill (C.F. & I.'s big shipper) at all, but Meyers thinks the new freight situation still needs a second look.

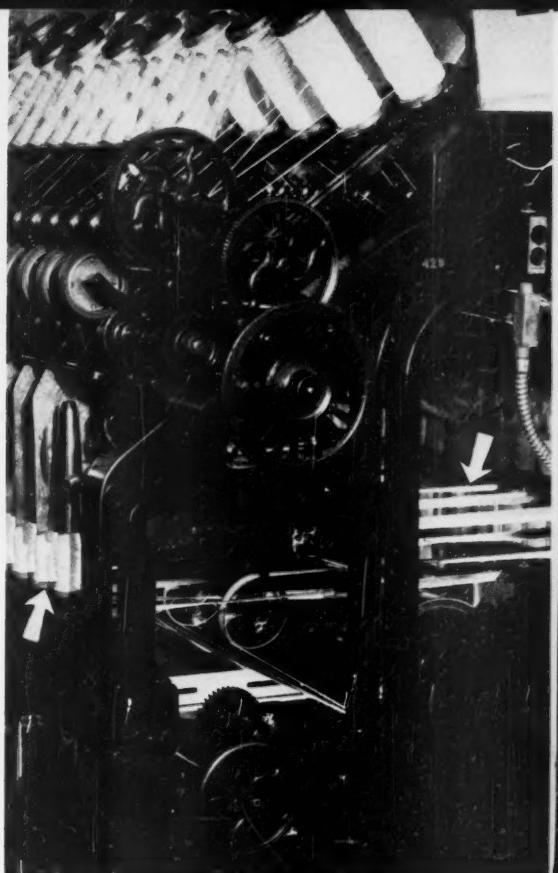
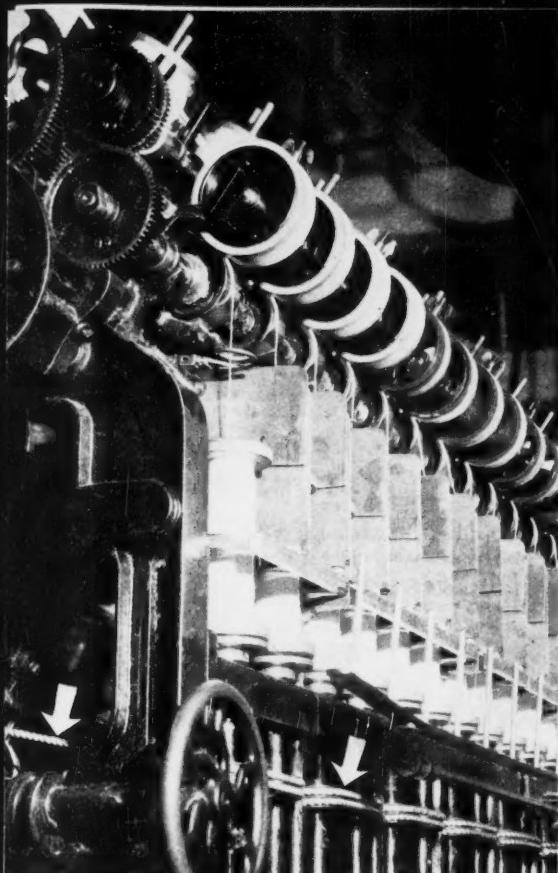
• **The Man**—Meyers, Ohio-reared, went to work in the steel mills at 16, when his steelworker father died. He got 60¢ for a 12-hour day.

He still has a strong touch of practical religion from his early training in Lutheran church schools. He sometimes seeks strength in a brief peck into his Bible between appointments. Another solace in Meyers' busy life is his wife; she goes along with him on his business travels (he's on the road three weeks every month) to help make a home away from home.

C.F. & I., now the nation's 10th largest steel producer, grabbed Meyers in 1946 from Republic Steel, where he was a district manager.

"I skipped being a vice-president, thank heaven," he says. "So I never lost touch with people."

—Cover painting by Ralph Homan



How NYLON SPINS A YARN WITH A COST-CUTTING PAYOFF

You're looking at two machines that do what old-time spinning wheels did—spin fibers into yarn. In the left-hand picture you see ropes—called roving bands—that revolve spindles at high speed. In the picture at right are tapes that actuate other spindles. These nylon bands and tapes have increased production, cut costs.

Flex fatigue used to make roving bands stretch. Then the spindles slipped, causing uneven twist in the yarn being spun. Eventually, the bands stretched so far that they had to be replaced. But bands made of resilient Du Pont nylon fibers resist flex fatigue . . . lose practically no tension.

And talk about wear! The nylon bands on this machine have run six months without a failure. Previously a time-consuming band change had to be made nearly every day.

Nylon brings the same economy and efficiency to the spindle drive tapes. By

running at least three times longer than conventional tapes, nylon tapes mean savings in the cost of tapes, in replacement labor and production time!

This is just another instance of how nylon is cutting expenses in many industrial uses.

Get the facts about Du Pont nylon fibers. You may be interested in a product far removed from those described above. But nylon's combination of strength, resilience and abrasion resistance may be what you need for a product or process. Or you may be interested in nylon's light weight . . . low moisture absorption . . . resistance to deterioration by mildew, soil and marine-rot, petroleum oils and alkalies. Keep in mind, too, nylon's all-around toughness and durability.

In your own plant—in your own product, nylon may help you speed up

a manufacturing process, make your present product better or help you design a new product.

Write for helpful booklet, "Nylon Textile Fibers in Industry." And tell us your fiber or fabric problems. Address Room 6510-C, Nylon Division, E. I. du Pont de Nemours & Co. (Inc.), Wilmington, Delaware.

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... THROUGH CHEMISTRY

For nylon...for rayon...for fibers to come...look to Du Pont

YOU CAN BE **SURE**.. IF IT'S

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form signifying plastic material; 2. a [L. *plastica*, Gr. *plastikos*, *plasticos*] 1. Formative; as, Nature. 2. Pert. or appropriate to, characteristic of, or produced by, molding; as, the plastic arts. 3. Capable of being molded or modeled, as clay; hence, impressionable; as, a plastic youth. 4. *surgery*, surgery concerned with the

Micarta*

THE MATERIAL THAT CHANGED
THE MEANING OF 'PLASTICS'.

Micarta is a *tough, workable* material with qualities which bear little resemblance to old conceptions about "plastics". Micarta is an industrial laminate—geared to today's requirements. It's used in hundreds of applications . . . such as auto timing gears, marine bearings, refrigerator inner door panels. Here are some of its qualities:

HEAT-RESISTANT—unaffected by temperature changes from 250° to -112° F.

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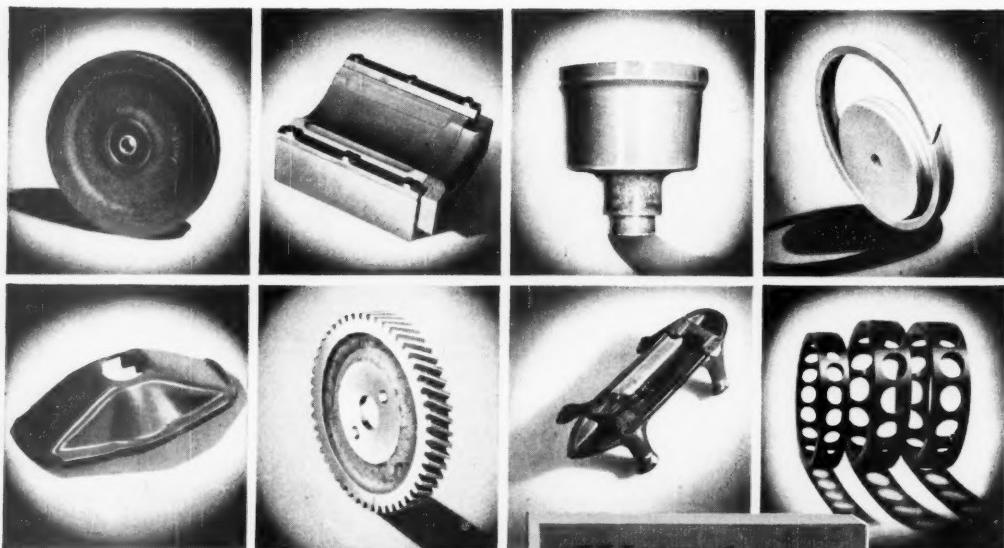
MOISTURE AND ACID-RESISTANT—withstands water submersion or mild acid or alkali solutions.

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*Decorative Micarta is sold exclusively by U. S. Plywood Corporation.



BUSINESS OUTLOOK

BUSINESS WEEK

FEBRUARY 5, 1949



Maybe no boom is shockproof, but this one comes pretty close to that.

Here we are three years and five months after the war with things still going strong. Not until late 1948 did a few warning signals appear

Most amazing thing about business is the way readjustments have been made, in line after line, without denting the overall prosperity.

Many price excesses have been "corrected." Industry after industry has shaken down to what looks like its new market. Yet total production stays at or near its postwar peak; income figures have mounted steadily.

Each "private recession" has hurt the industry affected. Yet this had to come, and it is well to have it over with.

Business now is passing into the final phase of the shift from the scarcity boom to a peacetime economy.

Farm equipment is entering a buyers' market. Prices of homes and furnishings are on the way down. Only a few makes of automobiles sell themselves. Even in metals, the greatest strain on supply is behind us.

At this stage, the economy still is in high gear. One "readjustment" after another has been made without braking the machine noticeably.

Employment still is near 60-million. Unemployment probably is at a postwar high of between 2½-million and 3-million—low figures, both.

While business has been working off its backlog and returning to buyers' markets, there have been several stout props.

Some were outright government supports: \$40-billion-plus budgets, with floors under farm prices, exports, and the like.

Record home building has made work for many industries. So have expanding state and local public works.

Industry has had a record expansion and modernization program; it also has been building inventories.

Now some of these will taper off. Has business shaken down to a solid enough footing so that this tapering will not jar the boom?

Probably not. We have been feeling jolts for three months. Pockets of unemployment have been developing. On the other hand, the cumulative effect hasn't been large; this dip won't be either deep or lasting.

Prices aren't likely to go down very much in the next few months. Some individual prices will dip, but the averages will tend to steady.

One reason for this is that farm prices and foodstuffs have had a pretty drastic deflation. Inflexible costs—wage rates and transportation—prevent really deep retail markdowns.

The cost-of-living index for January probably will show another significant drop. Thereafter, declines will be small.

Meats will tend to rise as supplies shrink between now and May. Clothing is likely to rise, on the average, from recent cut-price levels.

Rents won't come down, but fuel prices may.

New outbreaks of inflation seem rather unlikely now. Supply and demand for most things seem about in balance at present prices.

The world situation, however, hardly breeds complacency.

The United States is about the only place on the face of the earth where supply is overtaking demand. Britain alone among the other nations is suc-

BUSINESS OUTLOOK (Continued)

BUSINESS WEEK
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cessfully maintaining controls. Elsewhere, creeping—or galloping—inflation persists.

Can the United States remain an island of price balance in such a world?

Forces that might bring a new spin of the inflation spiral are not easy to predict. But the shape of some of them may be seen.

Sharing our goods with the rest of the world on too lavish a scale could be one. This might take the form either of rearming western Europe or of developing the world's backward nations.

Liquid assets in the hands of the public remain above \$225-billion.

Should anything set people to converting this \$225-billion from cash, deposits, and government bonds into goods, prices would go kiting.

Deficit spending by government, inflationary in itself, might be just the kind of thing to touch off such a public reaction.

State and local governments will contribute nothing to declining prices. Their expenditures on works are rising steadily. How much they have to compete with the populace for goods will have more than a little to do with which way prices go later this year.

Bank loans to business aren't the inflationary factor now that they were in earlier stages of the boom.

Business loans of weekly reporting Federal Reserve member banks went up nearly \$3-billion (about 25%) from June to December, 1947. In the like 1948 period, the rise was only \$1½-billion (less than 11%).

In the final 1948 quarter, particularly, banks tightened credit.

The Chase National Bank points out, though, that this trend can turn. The Federal Reserve will buy banks' bonds at par; thus "member banks' reserves may be replenished at will for future expansion of loans."

Business is doing more and more borrowing from lenders other than banks. Insurance companies are a big source of funds.

Wall Street calls direct corporate borrowing from institutional lenders (without any public offering) "private placement." This has been rising steadily since the end of the war.

The Commercial & Financial Chronicle says the 1948 total of private placements was a record \$2½-billion. It was \$2.2-billion in 1947. Before the war, no single year reached the billion mark, and 1937's total was less than half a billion.

Corporate borrowing from institutions has its inflationary aspects. Here's the way the Federal Reserve Bank of Philadelphia describes it:

"Insurance companies and other such lenders have sold government securities. In the absence of other buyers, the Federal Reserve has bought these securities to support their price. These purchases have increased bank reserves directly, and by increasing bank reserves have made possible even further expansion of bank lending."

Corporation finance officers who are thinking of new borrowing can take a tip from this week's market.

A topnotch bond issue, priced to yield a little less than 3%, moved a little slowly. One of slightly lower grade, priced to yield just over 3%, sold fine. Big investors want more than 3% on their money.

NEW!...and today's outstanding adding machine value

Monroe presents its new 8-column **electric** adding machine with **direct subtraction** . . . at a price that will appeal to every business familiar with Monroe high standards. The same brilliant performance . . . the same sturdy, high-quality construction, and the same features that made the larger-capacity Model 410 an instant success. **See and compare!** Finger-ease keytops...no-glare colors..."**Velvet Touch**" operation . . . and ample capacity for a wide range of work. Sold only through Monroe-owned branches and backed by a nation-wide factory-trained service organization. Monroe Calculating Machine Company, Inc., Orange, N. J.



NEW MONROE ADDING-LISTING MACHINE MODEL 408-11-001

MONROE
MACHINES FOR BUSINESS
CALCULATING • ADDING • ACCOUNTING MACHINES

"—The resources of civilization are not yet exhausted"—WM. E. GLADSTONE



Why greater strength weighs less and less

CAN YOU MAKE three pounds of steel do the work of four... and stay on the job longer? The answer is YES, with *alloy steels*—steels that are combined with small amounts of other metals, such as chromium, vanadium, and zirconium, to develop or increase desired qualities. For example, it's the element, *chromium*, that gives the stainless nature to steel.

So great is the improvement in steel, when alloy agents are used, that a freight car of alloy steel can weigh 25% less, haul heavier loads, yet stay in service much longer than similar cars of ordinary steel. Alloy agents not only increase the strength of steel, they also extend its life through reduction of destructive factors such as rust, corrosion, and wear.

The use of better materials to make steel go farther and serve longer is especially vital to all of us... with steel mills unable to catch up, and ore supplies dwindling.

Industrial gases have a big role in steel's better performance, too. Compressed oxygen aids in cleansing the molten steel... the oxy-acetylene torch cuts steel sections

to size—and welds them together if desired. Finished steel articles are given a harder, longer-wearing surface through "flame-hardening." And carbon, in the form of electrodes, makes modern electric furnaces possible... with their output of high quality steels.

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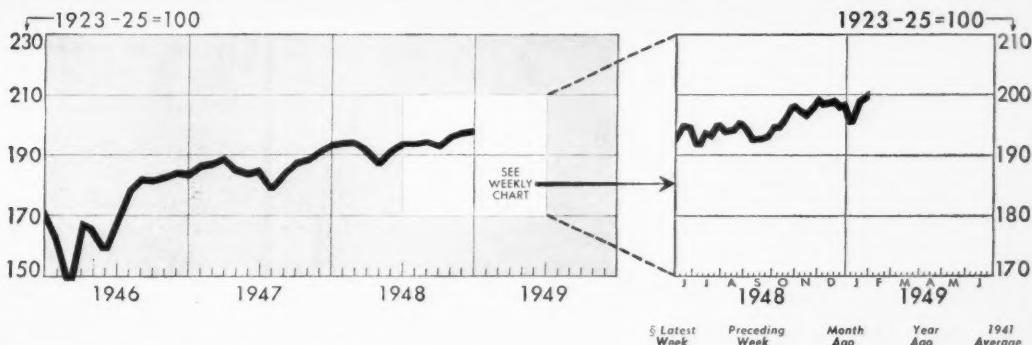


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FIGURES OF THE WEEK



Business Week Index (above)

PRODUCTION

	Latest Week	Preceding Week	Month Ago	Year Ago	1947 Average
Steel ingot operations (% of capacity)	100.9	101.1	97.8	94.0	97.3
Production of automobiles and trucks	115,512	113,820	81,968	101,044	98,236
Engineering const. awards (Eng. News-Rec. 4-week daily av. in thousands)	\$27,127	\$23,576	\$24,857	\$17,739	\$19,433
Electric power output (million kilowatt-hours)	5,810	5,769	5,562	5,429	5,130
Crude oil (daily average, 1,000 bbls.)	5,439	5,419	5,611	5,318	3,842
Bituminous coal (daily average, 1,000 tons)	1,903	1,963	1,907	2,033	1,685

TRADE

Miscellaneous and L.C.L. carloadings (daily average, 1,000 cars)	72	73	79	78	86
All other carloadings (daily average, 1,000 cars)	46	49	50	51	52
Money in circulation (millions)	\$27,561	+\$27,717	\$28,325	\$28,086	\$9,613
Department store sales (change from same week of preceding year)	+2%	+5%	+32%	+3%	+17%
Business failures (Dun & Bradstreet, number)	136	142	128	91	228

PRICES (Average for the week)

Cost of Living (U. S. Bureau of Labor Statistics, 1935-39 = 100), Dec.	171.4	...	172.2	167.0	105.2
Spot commodity index (Moody's, Dec. 31, 1931=100)	356.0	358.3	394.7	442.5	198.1
Industrial raw materials (U. S. Bureau of Labor Statistics, Aug., 1939=100)	276.5	278.6	279.4	288.0	138.5
Domestic farm products (U. S. Bureau of Labor Statistics, Aug., 1939=100)	301.1	302.8	311.7	409.4	146.6
Finished steel composite (Steel, ton)	597.77	597.77	\$95.50	\$78.59	\$56.73
Scrap steel composite (Iron Age, ton)	540.42	\$40.58	\$43.00	\$40.83	\$19.48
Copper (electrolytic, Connecticut Valley, lb.)	23,500e	23,500e	23,500e	21,500e	12,022e
Wheat (Kansas City, bu.)	\$2.23	\$2.24	\$2.27	\$2.97	\$0.99
Sugar (raw, delivered New York, lb.)	5.65e	5.65e	5.73e	5.57e	3.38e
Cotton (middling, ten designated markets, lb.)	32.85e	32.91e	32.21e	34.48e	13.94e
Wool tops (New York, lb.)	\$1.712	\$1.701	\$1.698	\$1.884	\$1.281
Rubber (ribbed smoked sheets, New York, lb.)	19.12e	19.17e	19.00e	21.25e	22.16e

FINANCE

90 stocks, price index (Standard & Poor's Corp.)	121.2	122.5	120.1	116.1	78.0
Medium grade corporate bond yield (30 Baa issues, Moody's)	3.44%	3.44%	3.50%	3.53%	4.33%
High grade corporate bond yield (30 AAA issues, Moody's)	2.71%	2.70%	2.75%	2.87%	2.77%
Call loans renewal rate, N. Y. Stock Exchange (daily average)	11-12%	11-12%	11-12%	11%	1.00%
Prime commercial paper, 4-to-6 months, N. Y. City (prevailing rate)	11-12%	11-12%	11-12%	11-12%	4-5%

BANKING (Millions of dollars)

Demand deposits adjusted, reporting member banks	NA	47,670	47,794	48,818	+\$427,777
Total loans and investments, reporting member banks	NA	62,879	62,751	64,953	+\$32,309
Commercial and agricultural loans, reporting member banks	NA	15,414	15,561	14,727	+\$16,963
Securities loans, reporting member banks	NA	1,639	2,002	1,485	+\$1,038
U. S. gov't and gov't guaranteed obligations held, reporting member banks	NA	33,749	32,987	37,323	+\$15,999
Other securities held, reporting member banks	NA	4,181	4,205	4,236	+\$4,303
Excess reserves, all member banks	920	910	1,050	1,040	5,290
Total federal reserve credit outstanding	22,960	+\$22,999	24,113	22,658	2,265

*Preliminary, week ended January 29th.

NA Not available at press time.

†Date for "Latest Week" on each series on request.

†Revised

††Estimate (BW—Jul. 12 '47, p. 6).



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Corrugated head cap and the sides of wire-bound crate are placed in position.



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All photographs courtesy of Hamilton Manufacturing Co., Two Rivers, Wis.

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WASHINGTON OUTLOOK



INFLATION doesn't scare official Washington any more. There has been a subtle shift in thinking over the past few weeks—even while Truman was again proposing anti-inflationary measures.

The shift is being paced by the decline in the cost-of-living index. That's down 3 points from the peak.

Behind the shift lies this feeling:

- The price dip this time isn't just a temporary adjustment.

That's not to say it is the prelude to a recession, either. But the dip has already lasted longer, gone further than any postwar decline. And it shows up in a more significant area. Two years ago the dip came in soft goods; last year it was grains; now it's consumer durables, too.

- Labor is tailoring its wage demands so as to avoid setting off another price spiral.

Note that the C. I. O. clothing workers are holding back demands for their fourth round. And the way the General Motors contract works is bound to temper all other Detroit wage talks. Also, International Shoe workers have had to take a pay cut, based on the cost-of-living dip.

You cannot yet say that Truman is pulling back any of his schemes for inflation control. But neither do you sense any urgency behind the drive for even standby price control.

You can see hints of the shift in thinking in Washington's current attitude toward a number of policies.

The New Dealers are talking more spending. They say: If there's some slack showing up in the economy, let's take it up with public works.

And Truman himself endorses the Columbia Valley Authority; that's a mechanism for spending more money in the Northwest than the budget calls for.

The military, too, is seizing upon this potential leeway in the economy as added ammunition to get more money than Truman earmarked for them.

Finally, you have Speaker Rayburn's announcement, after conferring with Truman, that Congress will go slow on raising taxes. Already you can forget talk of increasing personal income tax rates; congressmen are worried enough, without that, over a possible downturn in buying power.

A TAFT BLOC IS IN THE MAKING to fight the Administration's labor bill. New Dealers can

blame themselves for driving Republican moderates like Ives, Morse, and Aiken into Taft's camp (page 19).

Here is how they did it: The Democratic majority in the Senate Labor Committee rammed through a tight limit on hearings, tried to suppress talk of retaining any Taft-Hartley provisions.

This riled the Ives-Morse-Aiken group so much that it will work with Taft when the bill is debated in the Senate.

Taft can't expect to hold this support on every point, but he now has a bloc to use in tactics on the floor.

The Democrats had been counting on men like Morse to help put through a new labor law. After all, these men led the fight against Taft's leadership of the G.O.P. Senate minority last month.

WATCH THE SUPREME COURT

for the next word on delivered pricing.

The court this week picked up for review the Rigid Steel Conduit case. One of the issues is: Can the Federal Trade Commission ban a basing-point system without first proving existence of a conspiracy? The Seventh Circuit Court of Appeals said yes.

In the Cement Institute case, the Supreme Court seemed to say FTC had this power. But this wasn't the issue on which the court ruled.

Now, the high court is in a position to clarify the law itself—before Congress gets around to writing any new law.

IS THE MARSHALL PLAN

broad enough to insure European recovery? We first raised that question last August (BW-Aug. 28'48,p15).

The answer then was no: National political necessities were interfering with economic planning on a continental basis. The solution that has been developing since is military aid. The hope was that, with an alliance to quiet nationalistic jitters, individual countries would no longer be afraid to gear their economies into a European pattern.

But will U. S. military guarantees do the job?

The answer again is no. It is now clear that western Europe just isn't going to be self-sufficient when the Marshall Plan's four years run out.

Hoffman himself knows that the Marshall Plan won't fully do the long-range recovery job that was proclaimed when Congress set it up.

And he won't blink the fact when he goes

WASHINGTON OUTLOOK (Continued)

before Congress next week to ask for ECA's second-year money.

The best the Europeans have been able to come up with is 19 separate plans that add up to a 1952-53 dollar deficit of \$1-billion to \$3-billion. True, they are working now to mesh the 19 plans. But not even the most optimistic ECAers think that all the deficit can be absorbed.

Marshall Plan nations can't satisfy their wants from nondollar areas. (They haven't since the '20's, when the U.S. became the world's creditor.)

And the Marshall Plan area just isn't willing to do without dollar imports. Example: No French government dares cut living standards to save on dollar purchases.

So you hear talk again around Washington from advocates of a hard-boiled approach to Marshall Plan countries: Do things the way we tell you—or do without our help

These people would impose financial reform, even if it meant sending Americans to do the job. They would lengthen the work week, divert more goods from consumers to export.

This kind of talk was drowned out a year ago by people like Harriman. They warned: Get tough and you risk losing France and Italy to the Communists.

The speak-softly school still swings government policy.

Congress will ask a lot of questions. But in the end, congressmen will go along, vote Hoffman money to continue about the way he is operating now.

Where does this leave the U.S., then, at the end of the Marshall Plan?

How will Europe's post-ERP trade deficit be financed, to continue the level of export business American businessmen have become accustomed to?

Two schemes already are being tossed about:

(1) You could take up at least some of the slack by exporting capital under Truman's world-development program (BW-Jan.29'49,p19).

(2) You could provide outright subsidies for export production, or have the government buy the stuff and give it away abroad.

EXTENSION OF VOLUNTARY CONTROLS, voted by Congress this week, means that mandatory allocation powers are still in the picture.

Democrats beat down Republican attempts to

extend the Taft-Wolcott voluntary allocation law through March, 1949. Instead, the majority sided with Secretary Sawyer's request for extension through September.

Thus Congress now has to act again this session, or let all controls die. The latter won't happen.

• **THERE IS NO SUPER-BOMB**, so don't be fooled by eye-catching headlines.

What the Atomic Energy Commission reported is this: The U.S. has an improved atom bomb, and more and better bomb-making facilities; but AEC has not yet come up with any other atomic weapon such as a hydrogen bomb.

• **AUSTRIAN PEACE TREATY** talks can provide the first tangible evidence of whether Stalin really means it this time.

The Deputy Foreign Ministers revive this subject at London next week.

There have been 325 four-power sessions over the last two years for drafting an Austrian peace. When talks broke up last May, the East and West were still split on reparations, German assets, boundaries, Danube shipping claims.

Now, the State Dept. is watching to see if Stalin will drop his support of Tito's demand for: (1) two Austrian border areas, and (2) \$150-million reparations. Yielding on these points would convince State that Tito has really been cut off.

But what State is more interested in is Stalin's attitude on the other two issues. The U.S. has maintained Russia has no valid German-assets or Danube-shipping claims.

So, if Stalin proves to be tractable on these points, his offer this week to talk a general East-West settlement would warrant a second reading.

• The Navy's new super-carrier, now under construction, is going to cost \$152-million, not the \$124-million estimate Congress got last year. In addition, it will take another \$37-million for ordnance equipment. . . .

• Government employees are purer than Ivory soap. Loyalty investigators report that 99.6% of bureaucrats are cleared. . . .

• The Pentagon has turned down Sears, Roebuck's offer to sell \$10-million worth of consumer goods to Germany, wait two years for payment (in goods or dollars). Reason: The Army didn't want to take the risk that it might have to pay out dollars for items that could be made in Germany without using hard currency.



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CG48-G2

BUSINESS WEEK

NUMBER 1014

FEBRUARY 5, 1949



Kenneth C. Robertson



William S. Tyson



F. W. Livingston



Kenneth Mikeljohn

The new Wagner act was drafted by these Labor Dept. lawyers. The way they did it means that...

Bargaining Begins Over Labor Law

Proposed bill gives labor everything, management nothing.

But final law may have some compromises.

The Truman version of a revised Wagner act was unveiled this week—and business didn't like it one bit.

There had been reports of debates within the Administration. Should the ban on supervisory unions be retained? Should the non-Communist affidavit provision of the present law stay? Should the Federal Conciliation Service keep its independent status? Should Taft-Hartley provisos which seemed to have proved themselves remain?

After that kind of talk, the Thomas-Lesinski bill was something of a shocker.

To Labor, Everything—It gave everything to labor, nothing to management—and a mere nod to the public. The most hopeful view it evoked among businessmen was that it was a bargaining opening—like a union demand for a 30¢ an hour hike when it would be content to settle at 15¢.

The bill restores the Wagner act with only a few amendments—and some of these would actually add to the advantages unions had under the original statute. The closed-shop protection goes beyond what was in the Wagner act. Not only does the bill make the closed shop permissible; it also prevents state laws restricting the closed shop in some 15 states from being applied to employers who operate in interstate commerce.

The only possible exceptions to this

pronoun slant are provisions which let the National Labor Relations Board rule on jurisdictional strikes and some forms of secondary boycotts.

Emergency Strikes—The interest of the public in ending emergency strikes—which the T-H law safeguarded through use of injunctions—is floated by giving the President authority only to appeal to the parties not to strike while fact-finding goes on.

By putting together such a string of ciphers, the Administration will try to foster the impression that it added real "improvements" to the Wagner act.

Opposition—The Republican opposition in the Senate is solid on this issue—even to Wayne Morse of Oregon, who filibustered against Taft-Hartley in 1947. And it is determined to fight Truman every inch of the way. Taft will start by offering 15 amendments to the Thomas-Lesinski bill. Like the Administration, the Republicans also will be bargaining.

The stage is set for a bitter battle which, by its outcome, will determine what kind of rules labor and management will have to live under for what may be quite a while.

I. The Battle

Hearings on the Thomas bill began this week, are due to end next Thursday. This forces Republican senators

like Taft, the labor-friendly Aiken, and even Morse to make their big fight on the Senate floor. They are blocked in the committee; the Democratic majority there will vote solidly for the bill as written.

In the House, a subcommittee headed by Augustine B. Kelley of Pennsylvania will hold hearings on the bill. This subcommittee includes two strong union men—Thomas H. Burke from Toledo, Ohio, of the United Auto Workers (C.I.O.), and Roy W. Wier from Minneapolis, of the stagehands' union (A.F.L.).

The Authors—The Thomas-Lesinski bill is based on ideas which President Truman expressed in his State of the Union messages this year and last.

Secretary of Labor Maurice J. Tobin pulled in a staff of lawyers to braintrust the first draft of the bill. This was worked over by White House advisers. Overseeing the second operation were Paul M. Herzog, chairman of the National Labor Relations Board, and Cyrus S. Ching, director of the Federal Mediation & Conciliation Service.

Significantly, there may be two personal casualties from the bill. One may be Ching himself, who helped draft parts of it. His independent FMCS would go back into the Labor Dept. If it does, Ching is pretty sure to quit; he thinks the shift would be a blow to the effectiveness of FMCS. The other casualty may well be NLRB General Counsel Robert N. Denham, the official who had most to do with administering the Taft-Hartley law. His

independent office is headed for the discard.

• **The Injunction**—The bill clearly reflects C.I.O. and A.F.L. objections to the use of the injunction to fight national-emergency disputes. Injunctions hereafter would be illegal. Moreover, the bill contains absolutely nothing to which organized labor will seriously object. Even the term "management"—which appeared in the title of T-H—has been dropped.

This bill is obviously a maximum request. It gives the Administration a position from which it feels it can negotiate some compromises with fair safety.

• **Death for T-H**—The Thomas-Lesinski bill kills T-H deader than a doornail—as the Democrats promised. It re-enacts the Wagner act of 1935 as the National Labor Relations Act of 1949. It has some "improvements" over the Wagner act. But they are all written to labor's taste—so that even many Democrats who oppose T-H will probably join the Republicans to keep parts of the present law.

II. National Emergencies

The proposed law's method of handling national emergency disputes is not new. Under it, fact-finding boards would recommend settlements after a 30-day "cooling-off" period, which could not be enforced. The President would then ask the workers in a national-emergency dispute not to strike during the 30 days an "emergency board" is investigating—but there is no compulsion to do so.

This provision is nothing more than the procedure used in the General Motors, meat-packing, steel, and other major strikes after the end of the war. It is milder than the rules for railroad disputes, laid down under the Railway Labor Act; these allow more than 60 days during which employees are morally bound not to strike.

• **No Weapon**—One of the biggest shocks in the bill is Truman's failure to insist on keeping the 80-day injunction weapon to cope with national-emergency strikes—such as might come in coal this summer. Under T-H, he resorted to emergency injunctions four times. In May, 1946, he asked for emergency power to draft railroad strikers.

Some congressmen believe that Truman really has no objection to the injunction for limited use in national emergencies. It may prove to be one of the things he accepts as part of a "bar-gain."

• **"False Teeth"**—Tobin defends the new emergency procedure as having the force of "public opinion" behind it. Aiken calls this "false teeth." Taft says it is "milk and water." The two senators want to know whether public

opinion would stop John L. Lewis from calling a coal strike.

Tobin says there is enough coal above ground to make Lewis' position a lot weaker this year than last.

III. Other Provisions

Here's what other parts of the bill provide:

Secondary Boycotts. These and jurisdictional disputes are made unfair labor practices by unions, but the application is very limited. The curb applies only if two unions are involved. There is no curb on refusal to handle nonunion goods or to work with nonunion men.

When such disputes are brought before NLRB, either by the employer or one of the unions, the board may hear them or appoint an arbitrator. The circuit courts could enforce the decision, as they could all NLRB decisions. That is the old Wagner act procedure. But until then, there would be no rule against a strike or boycott.

At least one White House adviser would like to bolster this provision so as to permit NLRB to get some kind of restraining order while it considers inter-union disputes. The War Labor Board used to refuse to process a dispute while a strike was on.

Refusal of an employer to assign a work task in accordance with a jurisdictional award would be an unfair labor

practice. This would be another unfair labor practice added to the five under the Wagner act.

Dispute Notice. The Taft-Hartley rule that a 30-day notice must be filed with the Federal Conciliation Service before a labor contract may be amended or terminated would be kept in the law. The 60-day notice to the other party would be discontinued. Failure to file a 30-day notice would be an unfair labor practice.

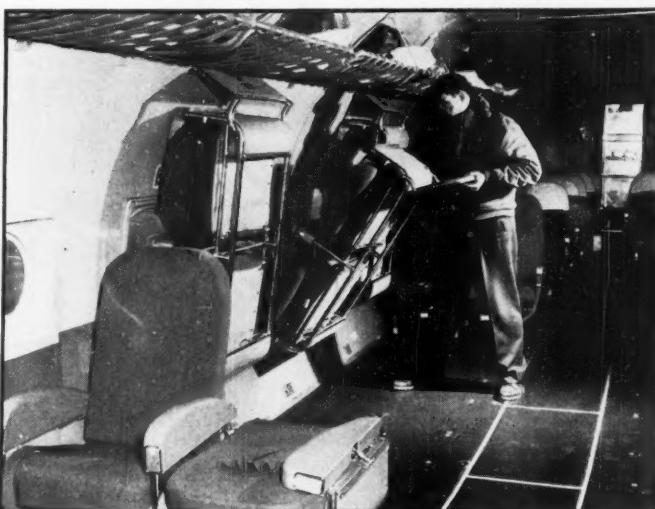
Interpretation of Contract. The bill declares arbitration of disputes over the meaning of a contract clause to be public policy. The conciliation service would assist in selecting arbitrators where needed.

NLRB. It would continue to be a five-man board, with salaries raised from \$12,000 to \$17,500.

Conciliation Service. It would return to the Labor Dept.

Political Contributions. The Corrupt Practices Act, which forbids corporations to make contributions in federal elections, would be restored. That would kill the Taft-Hartley amendment which added a ban on "expenditures" as well as extended the restrictions to unions.

Injunctions. The Norris-LaGuardia act would be restored in full. The only injunctions permitted would be restraining orders issued by circuit courts at the request of NLRB to enforce a decision.



Airliner's Seats Go Up; So Does Payload

This versatile seating arrangement lets Northwest Airlines make full use of cabin space of DC-4's on its run from Seattle to Anchorage, Alaska. In this forward end of the cabin, 24 seats fold up and attach to the bulkhead to provide cargo space. In the

aft end are 30 removable seats. By switching over as necessary, the plane can carry a full payload—cargo, passengers, or both. The line says its northbound cargo has been running close to capacity, and southbound passenger travel has been growing steadily.

Quick Depreciation: Tax Relief for the 1950's?

It won't come this year. But business is likely to get this much-wanted change some time during the Truman Administration.

There's only one kind of tax relief that big business has any hope of getting in the next few years—more liberal depreciation allowances. Businessmen won't get even that this year—but there's a good chance they will get it before the Truman Administration is over.

• **A Big Help**—This may not look like much in comparison with the hopes that businessmen cherished before Election Day. But it would be a big help to many corporations just the same. Heavy spending on plant and equipment, and the rising cost of capital goods, have made depreciation one of the hottest subjects in business thinking today. Some executives say that the privilege of speeding up their chargeoffs would mean more to them than a sizable cut in tax rates.

• **Looking Ahead**—For the present, the Administration is committed to policies that spell higher taxes for most corporations (BW-Jan. 22 '49, p.23).

But government policy-makers also are thinking ahead—to the time when the U.S. may be fighting to head off a slide toward a depression. If that day comes, they think, a more flexible policy on depreciation would be a handy tool. It would help stimulate business investment, thus pep up the whole economy.

• **Council's Attitude**—This kind of thinking shows up in the annual economic review of the Council of Economic Advisers: "When a reduction in taxes becomes possible, the tax system should be revised to . . . (provide) capital of the needed character in adequate amounts."

The council's statement is broad enough to cover almost any kind of tax reform. But council members have accelerated depreciation in mind.

• **How It Helps**—Theoretically, of course, accelerated depreciation does not necessarily cut a corporation's taxes. The total charges against income are the same whether they are spread over 10 years or 20. If a company has a fairly stable income, there is no particular tax advantage in a faster writeoff plan.

But the difficulties in raising money to pay for expansion of plant and equipment put another twist on the problem. Tight capital markets force management to rely more and more on internal sources—depreciation allowances and undistributed profits—to provide the money for expansion. Accelerated depreciation would permit companies to build up funds faster during the first years after a new plant or a new machine goes into operation. And this

would help in financing the purchase.

• **Problems**—There are complications, though—some political, some economic:

For one thing, individual taxpayers are likely to grudge any relief for corporations until the rates on personal income come down.

For another, nobody knows just how much difference faster depreciation would make in the investment policies of corporations. There is at least a possibility that it would overstimulate spending at the top of the boom, and do no particular good at the bottom.

• **Question of Method**—There is also the question of what method of liberalizing depreciation the Treasury should adopt—if and when the Administration decides that the time is ripe. There are plenty of suggestions to choose from.

Some have been worked out on paper by people like Warner & Swasey Co., or the Machinery & Allied Products Institute (M.A.P.I.). Ben Morell, president of Jones & Laughlin Steel Corp., has a plan. And U.S. Steel Corp. is already using one, though not for tax purposes.

Other methods have been tested abroad—in Sweden, Canada, and Great Britain.

Here is a round-up of some of the more popular—and more practical—methods of figuring depreciation for tax purposes (where possible, estimates of the cost in revenue to the U.S. are included):

Sweden permits "free depreciation." That is, the owner of a capital asset may write off the asset at any rate, at any time. He can fix its life at 20 years (depreciating at 5% a year), or at two years (depreciating at 50% a year), or at one year (100% depreciation). This base period can be varied at will. (There is no progression in corporate tax rates in Sweden. The government felt that free depreciation, if used with a progressive tax structure, could be used to mulct the treasury.)

Estimated annual cost: \$3-billion to \$4-billion.

Canada adopted an accelerated-depreciation plan in 1944 in an effort to head off an expected postwar depression in its capital-goods industries. On projects completed before Mar. 31, 1949, investors have been permitted to fix depreciation rates at as much as double ordinary rates—at least on the first 80% of cost. The last 20% has to be written off at normal rates.

Canada claims that \$1.4-billion in new plants has been built so far under this program. But, since there was no

postwar depression, the plants probably would have been built even without faster writeoffs.

Estimated annual cost: \$1.5-billion in the first year.

Great Britain, in an effort to modernize its industry and win its production battle, has adopted a "declining-balance" plan of depreciation. In such a plan, the depreciation allowance for tax purposes is figured not as a percentage of the original cost, but as a percentage of the still-undepreciated balance each year.

The British permit an investor to write off at once 20% of the cost of new equipment, considering this a kind of "cost of acquisition." Then, each year, the owner figures his depreciation at a rate 25% more than the normal rate for that particular type of equipment. Thus, if the normal rate is 10%, he can charge off 12½% of the still-undepreciated balance each year.

The U.S. Chamber of Commerce thinks that the British plan might work out in this country; it suggests an initial writeoff of 25%.

Estimated annual cost: \$1.5-billion in the first year.

Warner & Swasey favors a plan to stimulate mechanization and modernization as much as creation of new capacity. The W. & S. plan would allow an investment to be depreciated over a period in which the original price can be recovered from cost savings. After the full cost of the equipment had been recovered in that way, no further depreciation would be allowed on the new machine.

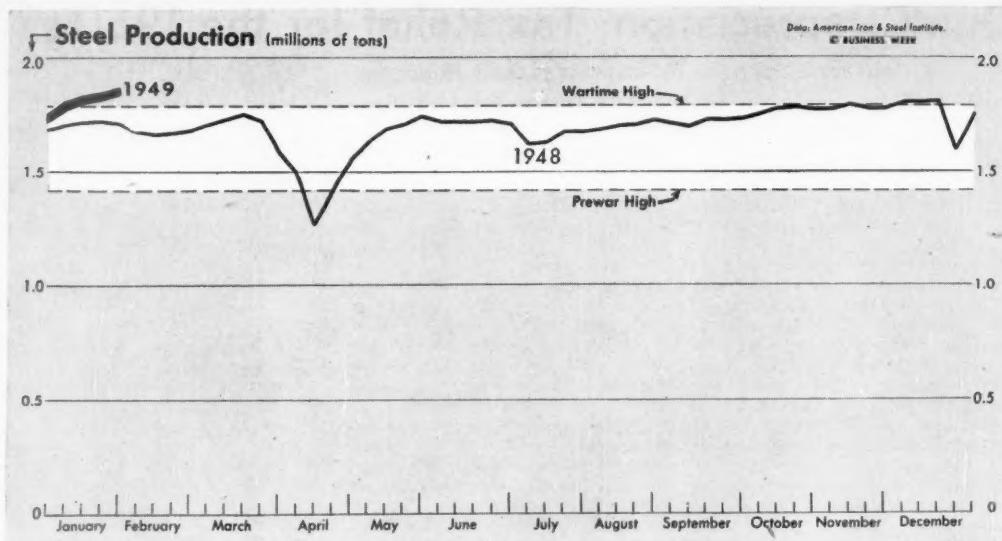
Estimated annual cost: \$1.5-billion if all new equipment earned its cost in three years.

M.A.P.I.'s proposal is one of the most moderate and inexpensive. It would permit an asset to be written off at the regular rate, but over a period of two-thirds its normally estimated life. This would permit replacement of equipment before obsolescence is well advanced—in other words, before it is relegated to a stand-by role.

Estimated annual cost: \$500-million.

Morell suggests that companies be allowed to write off as much as a half of new equipment costs within one to five years. Under his plan, the amount deducted in any year would be limited to half the taxable income before depreciation for the year.

U. S. Steel has worked out a complicated system for accelerating depreciation charges whenever its operating rate is above 70% of capacity. The extra charges are not allowed for tax purposes, but Big Steel shows them as deductions from income in making up its reports to stockholders.



Output of Steel Hits New High as Capacity Grows

Steelmakers have done more than boost their capacity to produce. They also are making good use of the enlarged capacity. Operations have been pushed to the highest rate ever. More than 1,860,000 tons of

ingots have been produced in each of the last two weeks. Such output represents almost exactly 101% of theoretical capacity. It isn't likely that this can be kept up too long, because the industry can't make regu-

lar repairs. But if the rate were held for the whole first quarter, the three months' output would come to more than 24-million tons. The best previous mark, in the final 1948 quarter, was just under 21-million tons.

Rent Strike Fizzles

Small landlords' drive to oust their tenants in protest against controls bogs down. Big interests keep hands off.

A second-string group of real-estate owners sent the newspaper printers scurrying for big black headline type last week. Word was that the landlords the nation over were out for blood. They were going to evict thousands of tenants—on 60 days' notice—in some 10 cities, cut rental property off the market. The target of the rumpus was proposed rent-control extension in Congress.

But by this week, it was clear that the teapot might be big, but the tempest brew was pretty weak stuff.

• **"Strike-Busters"**—What happened was that the drive fell afoul of the first-string realtors. In city after city, the influential groups carefully kept clear of the "strike." The end was O.K., they said, but they were leery of the means; talk of mass eviction could well boomerang in stiffer controls.

And in Washington, the Office of Housing Expediter made pronouncements to quiet down the fuss. Said OHE General Counsel E. D. Dupree, Jr.:

(1) Under federal law, a landlord who evicts a tenant must act in good faith; mass evictions to protest rent control don't meet this requirement. (A Grand Rapids, Mich., circuit court commissioner, Wallace Waalks, gave added weight to this point, saying: A landlord who doesn't act in good faith lays himself open to a perjury charge.)

(2) If a landlord takes his property off the rental market, he can't rent it again so long as rent controls remain in effect.

• **Origins**—Mainspring of the campaign was the Tulsa (Okla.) Property Owners Assn. of America, Inc.—headed by the Rev. Wallace J. Murphy, a Baptist minister. Within a few days, the association claimed it had served about 2,500 60-day eviction notices, had ordered another 2,000 blanks from headquarters. Valentine's Day was set for a meeting of the national association in Washington to map battle strategy.

Then the hitch began to develop. The Tulsa Real Estate Board wouldn't

go along. In Oklahoma City, big realtors and landlords were also holding off.

• **Opposition**—So it went all across the boards—in Grand Rapids, Indianapolis, Minneapolis—everywhere. In Chicago, a leading realtor labeled the "striking" landlords as rabble-rousers. The St. Louis Real Estate Board turned all its thumbs down on the eviction drive. Mayor Frank Zeidler of Milwaukee called it a "blunderbuss solution"; the city's Board of Realtors condemned the Milwaukee Property Owners Assn.'s methods. The New Orleans Property Owners Assn. itself reneged on the deal.

In Kansas City, the would-be evictors got a jolt. The local association met at All Souls Unitarian Church. During the meeting, the pastor handed in a notice that rental of the church had been raised from \$10 to \$100—just for that meeting.

• **Five or Six Evictions**—Figures from federal Housing Expediter Tighe Woods help explain OHE's calm: By last week end, reports from eight cities to OHE named Tulsa as the only one where tenants really had reported receiving eviction notices. And there were only five or six reports from there.

Ore Men Split on Seaway

Some Cleveland ore companies now think St. Lawrence project is good idea—to bring high-grade ores from Labrador. Others prefer subsidized beneficiation of low-grade domestic ores.

The St. Lawrence River seaway project is hotter today than it has ever been before. After almost innumerable false starts during the past 20 years, it has now become a real possibility (BW—Dec. 18 '48, p24).

The main reason for this is a shift in some important business opinion—up to now one of the biggest factors in keeping the tide running against the seaway.

• **Common Sense**—It makes common business sense to most companies not to support a project which may kick back on its ledgers. To one segment of business, the St. Lawrence seaway has changed from a bad to a good idea. To another, it's still bad. The natural result has been a fairly intense behind-the-scenes fight.

This week the fight is centering around the Big Four iron-ore companies headquartered in the Cleveland area—M. A. Hanna Co., Pickands Mather & Co., Oglebay-Norton & Co., and Cleveland Cliffs Iron Co. A seaway could have a tremendous effect on all of them—and on the Great Lakes carriers to which they are closely tied.

In the past, all four have staunchly opposed a St. Lawrence seaway. Today, two and possibly three are for it—a situation which 10 years ago would have seemed impossible. What brought about this change of heart?

• **Mesabi and Labrador**—The answer lies in the great Mesabi Range. The steep rise in steel consumption in recent years—especially during the war—has brought into sight the end of high-grade Mesabi iron-ore. Some producers have nearly exhausted their own reserves of good ore.

The range still has an almost infinite amount of taconite (low-grade ore). But up-grading taconite (beneficiating) is an extensive, expensive process (BW—Jul. 17 '48, p53). So iron-ore and steel companies have long had their metallurgical bloodhounds out in search of new high-grade deposits of ore.

They have found these deposits of rich ore in the Labrador-Quebec areas of Canada (BW—Sep. 11 '48, p40). Some of the companies involved have managed to stake out claims in the area. It is these companies—or those which know they will get a share of others' holdings—which now want the seaway to go through.

• **Hanna Changes**—One of these companies is Cleveland's M. A. Hanna, first to change sides on the seaway,

owner of about a one-third interest in the Labrador deposits. Some two years ago Hanna's president, George Humphrey, warned the Lake Carriers Assn. that his company might change its anti-seaway position.

Nothing else happened right away. Hanna and Hollinger Consolidated Gold Mines Ltd. hold development and exploration rights on a good chunk of Labrador countryside. Before taking a strong position, Hanna wanted to make sure that the land held at least 300-million tons of high-grade ore.

Hanna now has that assurance. So its first public move was to notify all Ohio congressmen and its two senators of its changed position. Support came quickly after that.

• **Support**—Republic Steel, through its president, Charles M. White, endorsed the project. Oglebay-Norton also climbed aboard the bandwagon. Its president, Crispin Oglebay, said that if U. S. industries were to keep functioning at full capacity, they would need 110-million tons of ore a year by 1960.

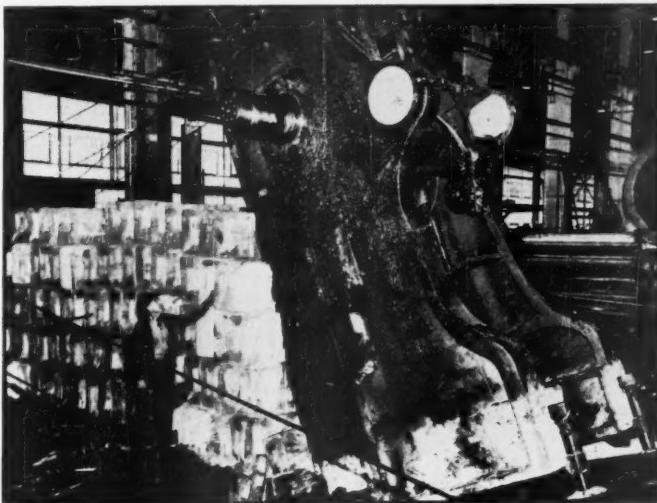
Frank Purnell, president of Youngstown Sheet & Tube Co., has also come out in favor of the seaway—provided it's coupled with construction of a canal from Lake Erie to the Ohio River, via Youngstown.

Pickands Mather & Co. has made no comment. But it's busy working the bugs out of its pilot-sized beneficiation plant on the Mesabi Range.

• **Opposition**—Real opposition came from two sources. One was the Cleveland Cliffs Iron Co., a member of Cleveland's Big Four. President A. C. Brown argued that the seaway would admit cheap, ocean-borne iron-ore through the St. Lawrence. That, in turn, would discourage development of the Lake Superior iron-ore and demoralize lake shipping. This has been the most vocal opposition so far.

A second source is due to deliver a greater blast against the seaway soon. This is a group of ore and steel people dependent on low-grade sources. They see the seaway project as of secondary importance in the ore business. They point out that the St. Lawrence project would cost \$2-billion. They argue that for half that, the government could subsidize construction of beneficiation plants in the Lake Superior area.

It would take about \$600-million to build plants able to provide 40-million tons of concentrates a year from the Lake Superior area by 1960.



"Easy Does It"—With Ice

Sixty tons of ice solved a tricky engineering problem at Chevrolet's Muncie Indiana plant. The problem: how to set a 275,000-lb., 20-ft.-high press on its side for shipment to Chevrolet's Detroit plant without setting up expensive rigging and framework. Using

an old trick of the construction trade, Chevrolet engineers stacked 350 cakes of ice behind the press, let them fuse to a solid block. Then the press was tipped over against the ice-block. As the ice melted, the press gradually sank over on its side.

AEC Sums Up

Semiannual report tells Congress of plans to step up nonmilitary development. More data for industry is another goal.

More efficient weapons are coming out of the nation's atomic-energy program. But even the Atomic Energy Commission is dissatisfied with progress in other directions—chiefly toward developing nonmilitary applications of nuclear energy, and toward letting the public know what the program is all about.

With weapon production and allied development "rolling"—that's how David Lilienthal, AEC chairman described it—the commission plans to step up other phases of its work (BW-Jan. 22 '49, p20). At least, that's what it told Congress in its fifth semiannual report this week.

• **Help Needed**—The report indicates that development of civilian uses of atomic power is being pushed. But "the important research and development problems" still are to be solved. To work them out, AEC wants more help from science and from industry's technicians.

On the public-information angle, the commission has scheduled a series of special reports. The reports will be published soon—and they will be made available to the public. Among the subjects they will cover:

Reactor Development: An extensive survey of reactor development, covering atomic piles for power generation and for pure research, will be ready in mid-March. This document will cover both technical and managerial phases of this program.

Waste Disposal. AEC is now holding a series of seminars with sanitation engineers and other technicians on the disposal of radioactive waste materials. A report will be made in about a month, Lilienthal thinks.

Effects of Atomic Weapons. In cooperation with the military services, the commission is preparing a handbook on the damage resulting from atomic bombing. It will cover such topics as air blast, ground shock, radiation, meteorological aspects, civil defense. The handbook is designed for training military personnel, but it will be unclassified and available to the public. It will be ready by June.

Program Description. A three-part handbook, primarily for AEC's employees and those of its contractors, also will be generally available. The commission describes the handbook's three sections as: (1) a primer on atomic facts; (2) a glossary of terms used in the "trade";

and (3) a history and description of the program, its plants, and its objectives.

• **Still Insufficient**—These, and other reports now in the works, will present "the most important public issues" involved in atomic-energy development, Lilienthal says. But they will by no means give either the public or industry all the information they want. Lilienthal says two methods of getting more information to industry have been considered:

(1) AEC already has indexed all its declassified and unclassified information. It now plans to send a list of such documents to industry people who might be interested.

(2) AEC also is thinking about clearing a group of selected technical people—editors of technical journals may be included. The group then would study AEC's classified documents, and recommend those of value to industry which might be declassified.

Rubber Pool End

Competitive research into synthetics is expected to be spurred by breakup of wartime patent sharing.

Synthetic rubber research is going back to normal civilian competition. The 10 synthetic-rubber producers who pooled patents in December, 1941, are all set to end the agreement whereby they shared their know-how to help win the war. Company executives predict that the breakup of the pool will spur new developments.

• **Negotiations**—The Rubber Act of 1948 directed the federal Office of Rubber Research to end the patent pool as soon as possible. Negotiations between ORR and the companies began last May, dragged on and on. Now all parties are agreed.

There's still an international complication to be settled. For war purposes, the U.S. companies also signed a pooling agreement with the Canadian government; it's still in effect. So, even with the American patent broken up, the Canadian government would still be entitled to get the results of the U.S. companies' rubber research.

Therefore, the American pool won't be polished off until the State Dept. arranges with Canada to wind up its end of the deal. Washington looks for an early settlement.

• **Patents Included**—There are more than 500 patents in the pool, including all the original German patents once held by Standard Oil Co. (N.J.). Among other companies involved are: Firestone Tire & Rubber Co., B.F. Goodrich Co., Goodyear Tire & Rubber

Co., U.S. Rubber Co., Phillips Petroleum Co.

The patents include the general-purpose GR-S and many special synthetics. (Neoprene and butyl are excluded.) Many patents date from before Pearl Harbor; some have been developed since. All of them will remain royalty-free in the future.

• **Prod on Research**—But as soon as the pool ends, anything a company then develops will be its own. Company research staffs will turn on the heat, try to find a superior man-made rubber before a competitor does.

Naturally, companies with the best research outfitts will be in a better competitive position than those who have lagged behind. (Many small firms that didn't do much research before the war benefited considerably from the pool.) But that doesn't mean that the little firms will be hopelessly outclassed.

Take Copolymer Corp., for example. The company was formed by eight smaller firms to conduct research and operate a synthetic plant. Because it moved fast, it has been a leader in the cold-rubber field.

• **Future?**—Technicians are sure there are still broad fields to conquer in synthetics. Some even believe that the pool slowed up research. As one research man put it: "What's the use of breaking your neck to find something new, only to be forced to turn it over to your competitor?"

Briggs' New Plant Goes to Youngstown

Briggs Mfg. Co. has changed its mind. As predicted (BW-Dec. 18 '48, p25), it won't go through with its plan to put a plant in Pittsburgh. But what it has done amounts, in the long run, to the same thing: Last week it bought a plant in Youngstown, Ohio.

• **Reasons**—When the possibility of the Pittsburgh move first came up, the widely rumored reason was the need to get close to a source of steel—because of the steel industry's shift to f.o.b. pricing. There's no doubt that this factor also figures in the move to Youngstown. Carnegie-Illinois, Republic, and Youngstown Sheet & Tube all have big mills there. And there are other mills within 15 mi.

Another reason for locating at Youngstown: The stampings made there can be shipped by water—down the Ohio River—to Evansville, Ind., where Briggs makes Plymouth bodies.

• **Production in May**—The Youngstown plant that Briggs bought was formerly the Upper Union mills of Carnegie-Illinois. It includes about 280,000 sq. ft. of floor space. Remodeling has started; production will begin in May.

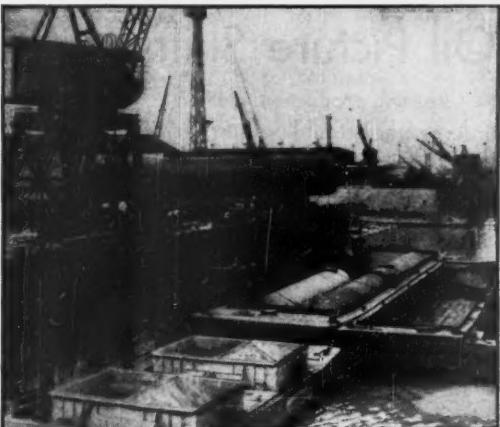
River Freight Up

Business is moving more and more freight on inland waterways. American Waterways Operators, Inc., says river barge tows carried a record 143-million tons of cargo in 1948. That's a 30% jump over the figure for 1947.

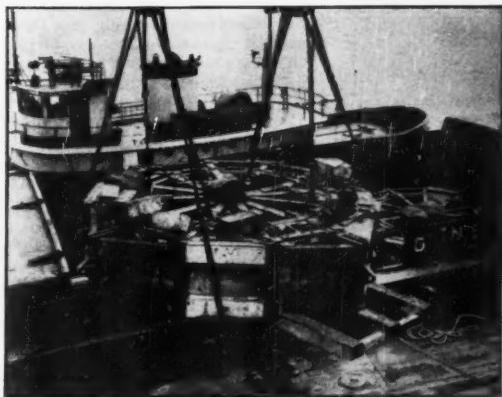
And the trend is still on the upswing. With rail freight rates up about 44% since war's end (BW—Aug. 7 '48, p20), many bulk shippers of oil, steel, and grains are turning away from the railroads, putting their cargoes in barges to save money.

Another boost for waterway business: The new f.o.b. pricing system in the steel industry makes the steel buyer foot the freight bill. Users are finding that they're not in such a hurry for steel that they can't wait to have it shipped by bargelet.

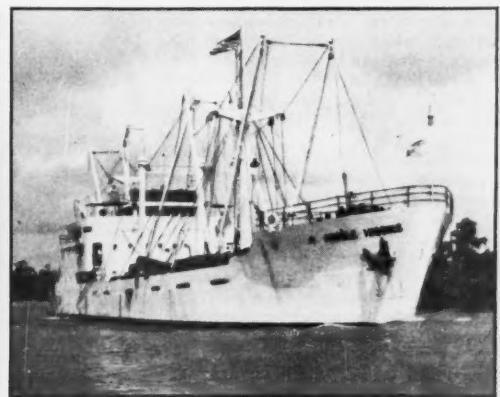
With this look of brighter days ahead, bargemen are investing in high-speed and special-purpose equipment for their lines. Streamlined barges and stepped-up tow power are already shaving hours off travel time.



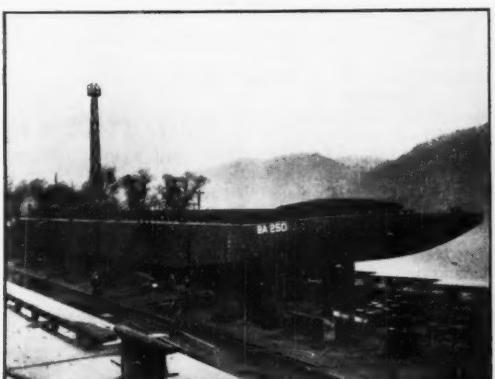
SPECIAL-PURPOSE barges swell traffic. Here a rubber-lined tank is lowered into a barge that will carry acid for Dow Chemical



BULK LOADS are a river-transport specialty. This 95-ton copper coil for a cyclotron, too big for rail, rode the Mississippi instead



OCEAN-GOING ships are making their way inland. This Higgins-built freighter recently reached in as far as St. Louis, Mo.



FASTER river freight is on the way, too. This streamlined barge, built by Dravo Corp., Pittsburgh, will boost tow speed to 11 m.p.h.



RIVER DEEPENING projects, such as this \$264-million Clark's Hill Dam on the Savannah River will make more traffic possible

Oil Picture Shifts to Plenty

Roaring production, plus an unexpectedly mild winter in most areas, fills tanks. No big price cuts foreseen soon.

A few short months ago the oil industry was busy with its big postwar problem: How could it squeeze every last drop out of the refineries—and out of the ground—to meet a staggering demand?

Almost overnight the whole picture has changed from spot shortages to ample supply—some even consider it oversupply.

- **Texas Acts**—The sudden shift was emphasized this week by developments in Texas, source of nearly half the domestic crude supply. For the second month in a row the Texas Railroad Commission cut the maximum amount of crude which can be taken from oil fields in that state. This cut, plus the first one put in effect Jan. 1 (BW-Dec. 25 '48, p23), reduces the allowable output in Texas 11½%. And Texas isn't alone.

Oklahoma has ordered a cut in its maximum allowable crude output; other states may do likewise.

- **Wide Interest**—Oilmen aren't the only ones interested in the easier oil supply. Consumers—domestic, industrial, commercial—are aided as the pinch cases.

But, more than that, management men in a lot of other basic industries are watching developments in oil; they figure they may be able to learn things that will help them as their industries pass from tight supply to plenty.

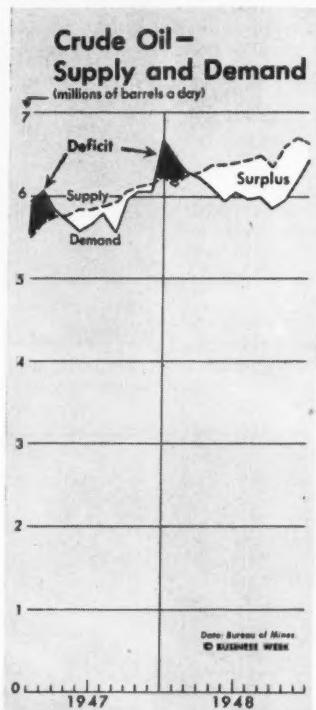
- **Reasons**—Here's what happened in oil:

- (1) **Production** was boosted to new highs. Domestic crude output in 1948 averaged 5,508,000 bbl. daily, up 8.3% from 1947.

- (2) **Net imports** rose nearly eightfold. In the first 10 months last year, net imports (total imports less total exports) averaged 165,200 bbl. daily; in the like 1947 period they were 21,700 bbl. daily.

- (3) **Demand** for the four major refined products (gasoline, kerosene, distillate fuel, residual oil) rose only 4.1% in 1948 over 1947. This let the industry build up its stocks sharply. On Jan. 1, 1949, refined stocks were 36.4% greater than a year earlier; crude oil stocks were up 8%.

Then what really brought the big change in the oil picture was the mild winter in many areas. As late as early December, 1948, oil experts were hedging their forecasts of their ability to meet the demand; things will be all right if we have "normal weather condi-



tions" during the heating season, they said.

As it has turned out, the winter has been abnormally warm; demand for heating oils has been far less than expected. During December, for example, stocks of refined products actually rose 5,000 bbl. daily; usually they show a big drop.

- **Stock Picture**—The petroleum industry's practice long has been to build up stocks in the summer months, draw on these stocks during the months of peak heating-oil demand. In December, 1947, kerosene stocks fell 151,000 bbl. daily, distillate fuels 417,000 bbl. daily, residual 163,000 bbl. daily. But in December, 1948, kerosene stocks went down only 63,000 bbl. daily, distillate 228,000 bbl. daily, residual stocks rose 3,000 bbl. daily.

So the industry on Jan. 1, 1949, found its storage tanks holding a 58-day supply of kerosene and distillate, a 59-day stock of residual. A year earlier it had only a 42-day stock of kerosene, 38-day stock of distillate, 31-day supply of residual.

- **Special Case**—Bad actor in the oil-supply situation is residual (a heavy burning oil used in industry for power

and heat, and in marine engines). This stuff is an inevitable product of oil refining. But demand hasn't been up to production; and the oil industry can't do much to cut back output except by reducing output of all refined products. More than that, some crude oil, particularly that in California, produces a high proportion of residual when refined.

This oversupply explains recent weakness in residual prices. It explains, too, why Standard Oil of California last week cut the prices it will pay for heavy crudes 11¢-30¢ a bbl.

- **Storage Problem**—The industry is getting to the point where it must clear its storage tanks of heating oils. It has to make room to lay up gasoline against the summer peak demand for motor fuel. Gasoline stocks on hand Jan. 1 equaled a 44-day supply. During January they have continued to grow faster than demand.

- **Back to Normalcy**—Oilmen regard the whole present situation as just a return toward normal conditions. After all, they have been producing right up to practical capacity for about eight years. They have been using a lot of refining units that would be uneconomic to run in a competitive market.

They don't expect the bottom to drop out of demand. More autos, more home oil-burners, more diesel locomotives, more farm machinery are expected to push oil requirements up 6% in 1949 over 1948.

There has been some talk that the immediate surplus situation might force crude prices down. Most oilmen regard this as premature, at the least. Costs of finding and producing crude have soared. It will take a much more serious situation than now exists to force any drastic downturn in crude prices, they argue.

- **Lower Imports**—Unwieldy stocks of crude oil and refined products have brought another development: Independent producers want a cutback in imports. The Oklahoma Corporation Commission and the state's Senate last week joined in the growing demand for congressional action.

DALLAS PLANS TRADE MART

Texas will have a mammoth new merchandise mart in 1950, says the Dallas Manufacturers & Wholesalers Assn. The proposed 10-story building will occupy almost two city blocks.

Half of each floor will be occupied by offices, showrooms, and display areas. Warehousing—and storage space for 1,000 cars—will take up the other half of the building. Topping the structure will be a penthouse and convention hall.

Major financing for the \$8-million mart is expected to come from insurance companies.

STEEL ALLOCATIONS

and

What We Are Doing About Them

As you know, the Steel Products Advisory Committee recently agreed to a six month extension of voluntary allocations of steel for most industries already included in the allocation program—and the President has now asked for authority to establish priorities and allocations for key materials in short supply. On the face of it, this action and stepping up of steel requirements for defense and the Marshall Plan point toward a continuation of peak demand for steel.

But remember that steel distributors in general and Ryerson in particular will always be in there battling to make available to you the largest possible tonnage.

Last year Ryerson was able to serve over 50,000 manufacturers, builders, and utilities. This year we expect to serve many thousands more.

Since it's our job to provide steel from stock, we never consider that we are doing you a favor when we take an order. Instead, we count ourselves fortunate to be able to supply what steel we can, to help keep the wheels of industry turning.

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BUSINESS BRIEFS

Pan Am has come through, as predicted, with reduced rates to South America (BW-Jan. 22 '49, p28). Cuts apply to first-class fares to Buenos Aires and other east-coast points. Pan Am's new coach rates are even lower.

Water hammer—that burst of pressure you sometimes hear when you turn the faucet off too fast—is legally an explosion. That's the ruling of a Wisconsin Federal court. So the L. L. Olds Seed Co. will collect \$25,000 on its fire-insurance policy because water hammer broke a pipe, flooded its basement.

Reynolds Aluminum has jumped into the aluminum-wire business—and has grabbed off one of the juiciest orders in the history of the aluminum industry. It has contracted with Wisconsin Electric Cooperative (acting as nonprofit distributor) to supply needs of most REA co-ops in the country for 14 years. This could total as much as 715-million lb. of aluminum-steel cable by 1964.

December sales by mail-order and chain stores totaled more than \$3-billion—5% ahead of December 1947. Largest gains were registered by automotive parts.

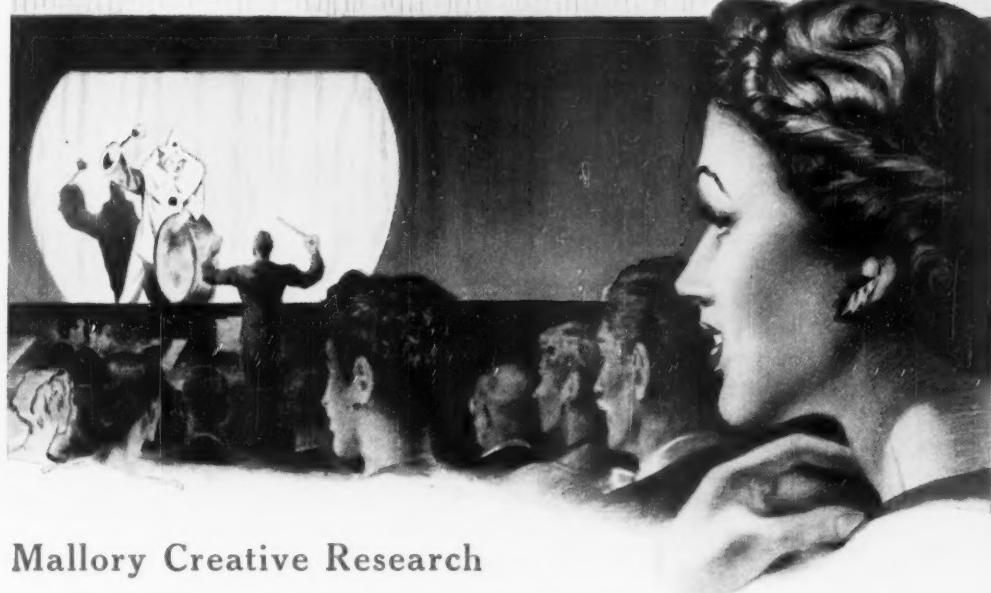
Railway Express Agency can't have paid advertising on the sides of its 1,900 trucks in New York City after all. The Supreme Court says it must obey a 1938 city regulation banning such signs as a traffic hazard.

Packard is out of the supersonic race. The Air Force has closed down the big Packard-operated Toledo experimental plant for gas-turbine aircraft engines (BW-Aug. 7 '48, p24).

Army engineers have a new chief to replace Lt. Gen. Raymond A. Wheeler, now with the World Bank. He is Maj. Gen. Lewis A. Pick. Backers of the Missouri Valley Authority, who have opposed Pick, think his appointment means no White House support for MVA; concentration on the Pick-Sloan plan for the Missouri.

Charles W. Perelle has resigned from the presidency of Gar Woods Industries after turning its 1947 deficit into a \$2-million profit in 1948. He used to be with Howard Hughes and Consolidated Vultee. Perelle's press release coyly suggests that "it has been rumored" he might return to the aircraft industry.

The Curtain Goes Up On a Richer Life!



Mallory Creative Research

opened a new world to the hard-of-hearing

The house lights dim, the footlights glow. There's a blare of trumpets and cymbals clash. The curtain rises. Music fills the air!

And when Mallory engineered the famous Mallory "A" Battery, the magic of music, theatre and movie was revealed in full measure to the millions of Americans who are hard-of-hearing.

It was this little power-house—**SMALLER THAN A CHECKER**—that raised the curtain on a richer life for millions of people. The Mallory "A" Battery offered a service life three to four times that of the old, bulkier battery. There were no nerve-wracking sound surges . . . no fading . . . and it required no rest period. A person could go to a concert secure in the knowledge hearing would be constant, smooth and normal.

And the tiny size of the Mallory "A" Battery permitted the design of small, streamlined hearing aids, to be worn

as casually and as inconspicuously as other personal accessories.

The definite superiorities of the Mallory "A" Battery make it a compact power-house that can be adapted to other applications where dependable power in capsule form is needed. In the battle with competition to "make it smaller, better and last longer", designers will find a powerful ally in the Mallory "A" Battery.

Mallory's achievement in this particular field is only one example of our pioneering that has gone on for more than 30 years. Mallory has blazed many new trails in the fields of electronics, electrochemistry and metallurgy. Many post-war developments owe their perfection and dependability to Mallory precision products.

If you have a design or production problem that falls within the scope of Mallory's experience and ability, it will pay you to consult with us now.

Smaller than a checker, the Mallory "A" Battery outperforms old style batteries on every count . . . provides constant voltage over a far longer life . . . does not surge or fade . . . operates under high heat and altitude . . . has longer "shelf-life" and requires no rest periods.



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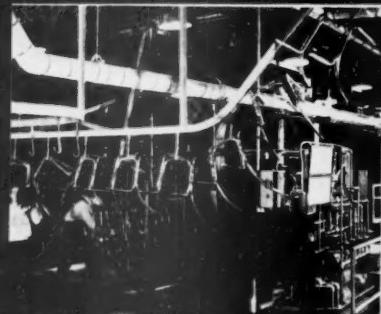
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"Sitting pretty" . . . thanks to a better way of plating

Beautiful Plated Finishes are Applied at Mass Production Speed by Udylite Plating Machines



Partial view of the Udylite "Fully Automatic" Plating Machines used by American Fixture & Manufacturing Co. to plate tubular-frame furniture.

One glance at the gleaming, flawless finish on those tubular-frame chairs above and you'd say they were "custom-plated" jobs. But they're not. They were turned out in rapid volume production by Udylite Automatic Plating Machines in use by the Chromecast Division of the American Fixture & Manufacturing Co. Once again Udylite "Automatics" have solved the problem of producing quality plating in volume, at low cost.

If yours is a product where eye-appeal is important for sales suc-

cess—and where quantity production schedules call for continuous plating—look into this better way of plating. Udylite Automatic Plating Machines provide continuous plating to laboratory exactness . . . make the most of man-power and man-hours . . . reduce plating time and cost.

A Udylite Technical Man will be glad to study your operations, and make recommendations without obligation or cost. Phone or write today: The Udylite Corporation, Detroit 11, Mich.

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TESTED SOLUTIONS • TAILORED EQUIPMENT
AUTOMATIC CONTROL IN METAL FINISHING

THE
Udylite
CORPORATION

**FOR BUSINESS SAKE
VACATION IN**

Southern California

You've probably given considerable thought to investigating for your business—firsthand—the prospects of fast-growing Southern California. And there's every reason why you should do it right away.



Facts show that: One-third of the market of all the 11 western states is right here...one-third of the families, one-third of the retail sales, one-third of the spendable income. In fact, Southern California is now America's third largest market!

So why not come out and look things over...then get a start in the tremendous western market where the most accessible and profitable part of it is located...right here in Southern California?

And while you're at it, have a real old-fashioned, nerve-relaxing vacation. Bring the family along. Thaw out those cold-weather chills under a big, warm, friendly sun. Take in movie and radioland, drive along the broad highways skirting the Pacific, visit high-mountain resorts, bask in the sun at a desert resort, take in the horse races, an old Spanish mission, the orange groves.

It's good fun and good business! Because this is certainly the time to investigate Southern California businesswise...and, of course, any time is the right time to vacation in America's Four-Season Vacationland.

Mail coupon for big 32-page color booklet full of information about Los Angeles County and all Southern California. When you arrive, stop in at the All-Year Club's Free Visitors' Bureau, 517 W. 6th St., Los Angeles.

No one should plan to move now to Southern California to live unless assured in advance of permanent housing.

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understanding and more intelligent cooperation between management and the agency resulting in greater efficiency, less time wasted, and more satisfactory service.

C. F. LELAND

PRESIDENT,
EXECUTIVE COUNCIL, INC.,
CHICAGO, ILL.

The Deaths at Donora

Sirs:

Regarding your item referring to the cause of the recent disaster at Donora, Pa. [BW-Dec. 4 '48, p28]: I can't help but wonder whether a letter, with a copy of an article, "Flourine Intoxication," that I sent Nov. 8 to Charles Stacey, president of the Donora Board of Health, may have influenced the opinion of Philip Sadler, consulting chemist.

The "Flourine Intoxication" article, by Kaj Rohholm, said, in part:

"The mysterious fog disaster which occurred in the Meuse Valley near Liege, Belgium, in the beginning of December, 1930, most probably was an acute fluorine intoxication. . . .

"In the days of the catastrophe a thick mist lay over large parts of Belgium. It was cold, and there was practically no wind. Several thousand cases of acute pulmonary attacks, with 60 deaths, occurred in the densely populated Meuse Valley on the 20 kilometer stretch from Seraing west of Liege to Huy. This region contains numerous factories; the valley is narrow and surrounded by rather high hills. The smoke from the factories was beaten down and mingled with the fog. . . .

"Of the 27 factories in the region, 15 were of industrial branches which either manufacture from raw materials containing fluorine (superphosphate works, zinc works) or add fluorine compounds to the raw materials (steel works, iron foundries, glass works) involving the possibility of passing gaseous fluorine compounds into the chimney smoke. In a part of the region concerned window panes and electric bulbs lost their gloss more quickly than normally, and the cattle, after grazing a short time, contracted serious bone diseases. A rough calculation showed that the fluorine concentration in the Meuse Valley may have exceeded the lethal dose for man in the days of the catastrophe. There was a similar but less disastrous episode in 1911."

In many respects, the description of the conditions that existed in Belgium checked very closely with those that occurred in Donora. The effect upon the victims also seems very similar.

WALTER COOPEY
ENGINEERING CONSULTANT,
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Which shall it be?

The steady rise in personal savings—they are now up to an annual rate in excess of 15 billions—has the economists asking questions: Is it a buyers' strike? Is it fear of depression? Is it preparation for a spending spree?

Whatever the answer, the purchasing power exists to make retail sales potentially enormous this year.

Paper, as usual, will be a major factor in the successful tapping of this great reservoir of accumulated savings . . . and its use in the form of advertisements, booklets, catalogs, folders, letters, displays, and packages will determine the winner of the paper battle between deposit and withdrawal slips.

Mead Papers of the Mead, Dill & Collins, and Wheelwright lines—by "Paper Makers to America"—are completely impartial in the world of selling. Intelligently used, they can sell savings accounts as persuasively as they can sell anything worth saving for. Specify and use them for good printing, better impressions, and "the best buy in paper today."

★★★ *Mead offers a completely diversified line of papers in colors, substances, and surfaces for every printed use, including such famous grades as Mead Bond; Moistrite Bond and Offset; Process Plate; Wheelwright Bristsols and Indexes; D & C Black & White; and Printflex Coated Papers.*



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PRODUCTION

Steel Parts Can Be Diecast

New machine uses carbide or high-chrome-steel linings to lick high temperature of molten steel. Process may save as much as 50% in small-parts production costs.

Before long, you may be able to save money on small steel parts. That's because a new machine makes possible the application to steel of diecasting—a proved cost-saver with zinc, aluminum, and other low-melting-point metals.

There's a hitch, though. The company that developed the process—Hisgen Machine Tool Works, Los Angeles—went out of business in 1947, according to the Los Angeles Chamber of Commerce. But Hisgen's process is said to cut costs of steel parts by as much as 50% compared with other manufacturing techniques. Also diecasting is fast. And it produces parts close to size; that leaves little machining to do.

• **Impact**—Presumably, if steel diecasting catches on as solidly as zinc and aluminum diecasting has done, it will have a major effect on the over-all production picture.

If strength requirements can be met,

for example, diecast steel parts can replace small forged pieces in some applications. Diecast steel could make important inroads on common casting operations. And many steel parts that are now completely machined to shape might be diecast.

• **Precedent**—That pattern of progress has been followed with zinc and aluminum. Diecasting of these metals is big business. Pieces have been produced as large as an automobile radiator grille, as small as a tiny precision part for a business machine.

Big drawback of aluminum and zinc diecasting has always been the fairly low inherent strength of these metals. Steel is much stronger than either, so lots of parts in which strength is important have had to be machined, cast, or forged of steel. Now many of them can be diecast.

• **Method**—In diecasting, you force molten metal under pressure into a

Here's what
SIMONDS
means by a
"4-SQUARE
ORGANIZATION"



SIMONDS SAW AND STEEL CO.
Fitchburg, Mass.

First of all U. S. sawmakers, Simonds has been banking up cutting-tool experience since 1832. Today, in the world's first windowless plant, Simonds produces all types of precision saws, machine knives, files, and other tools for cutting wood, metal, paper, plastics, or what have you?



SIMONDS STEEL MILLS, Lockport, New York
One of the most modern mills producing special steels . . . a world-famed center of metallurgical research . . . your guarantee of 100% quality-control for Simonds Cutting Tools.



SIMONDS ABRASIVE CO., Philadelphia
One of the top producers of grinding wheels and grains. And these products, like Simonds Cutting Tools, are under 100% Simonds quality-control...made only from abrasives refined by Simonds Canada Abrasive Co., Ltd., Arvida, Quebec. In fact, only Simonds Grinding Wheels are used in precision-finishing of Simonds Cutting Tools.



SIMONDS CANADA SAW CO., Montreal
This modern factory at Montreal produces Simonds Saws and Knives to serve the Dominion and Maritime Provinces . . . and so completes the coverage of Simonds Service for the entire North American Continent.

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Norfolk Shipbuilders Pour Their Biggest Casting

Forty-two tons of steel went into this six-ft. diameter casting made at the Norfolk Naval Shipyard, Portsmouth, Va. It took almost three weeks to do the foundry work—planning the casting, making the wood patterns,

pouring the metal, and annealing the casting in an oven to take out internal strains induced as the metal cooled. The casting is one of a pair, is said to be one of the largest ever poured.

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Considering Service, Inventory
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a wonderful job . . .

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people have confidence in the rubber products made
by Republic men.

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*Top Performance on
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Challenger Belting is recommended for all around transmission of power. It has maximum strength for severe stresses and shocks. Hard duck impregnated with live rubber friction gives minimum stretch and freedom from fastener troubles. Challenger has maximum flexing life for drives operating at high speeds over small diameter pulleys.

BUYMANSHIP and SALESMANSHIP
Let's look at your purchasing this way

Though you want the right price, isn't it product performance, availability, and delivery service that are of primary importance? It is good "buymanship" to consider all these factors when you are purchasing transmission belting, conveyor belting, and hose.

Republic Rubber Distributors, located throughout the nation are competitive in price on transmission belting, conveyor belting, and hose of all kinds. They are prepared to offer recommendations on product applications, they carry large inventories which are available at your beck and call . . . and personal attention to your purchasing requirements is their stock-in-trade. This is good "salesmanship." Only distributors give so much service.

Let's combine your good "buymanship" with Republic "salesmanship" for better product selection. Mail the coupon or write and we will give you the Republic distributor's name in your vicinity.



REPUBLIC RUBBER DIVISION
LEE RUBBER & TIRE CORPORATION - YOUNGSTOWN, OHIO
Lee Deluxe Tires & Tubes - Conshohocken, Pa.

MECHANICAL RUBBER GOODS BY
**REPUBLIC RUBBER
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Simply put the drawings against a sheet of Ozalid material and feed into the Ozalid print-making machine. In less than a half a minute, you'll have a *dry positive* duplicate of your drawing!

Change Drawings in 25 seconds!

Make alterations or additions on your translucent Ozaprint... transfer title blocks or even whole sections... then you can use the changed drawing as a master!

Combine Drawings in 25 seconds!

Make prints of each drawing on trans-

parent Ozalid film, overlay them on a sheet of Ozalid material (paper, cloth, foil, or film), feed into the Ozalid machine for a composite print in 25 seconds!

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Any print on translucent Ozalid material can be used for a master, any time! Make a shop or field print on Ozaplastic which can be cleaned with a damp cloth!

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Ozalid materials offer black, blue, red, or sepia lines on white or tinted backgrounds. Light, standard, and heavy-weight papers are available for any job.



Anyone can make prints with Ozalid in seconds! Reproduction can be made any length and almost any width. All Ozaprints are made in the same manner—all are delivered dry, positive, and ready to use.

Write on your letterhead for a **FREE** booklet showing actual samples of all the Ozaprints. Or consult your classified directory for local distributor.

Ozalid

Johnson City, N. Y. Dept. 26

A Division of General Aniline & Film Corp. "From Research to Reality"

closed die; when it cools, it solidifies in the required shape and size. Principal reason it hasn't worked with steel up to now: The high temperature of molten steel (2,700°) distorts or fuses the metal working-parts of the diecasting machines.

In Hisgen's machine, the injection cylinder, piston, nozzle, and hopper are lined with heat-resisting tungsten carbide or high-chrome steel. Dies (molds) are machined from drop-forged chrome-and-nickel-alloy steel. Cavities are protected with a silicone lubricant before the molten steel is injected; this prevents "burning," and makes it easy to release the cast part from the die. The injection cylinder is heated with a blowtorch before the molten metal is poured in, to keep the steel from solidifying prematurely.

• **Electric Furnace**—The steel is first melted in an Ajax-Northrup electric furnace, mounted on trunnions so that the molten metal can be poured directly into the machine hopper. Heat is furnished by a high-frequency electric current, which passes through a copper coil wound around an insulated container in which a crucible is placed. The current produces a rapidly fluctuating magnetic current, which heats up the metal by induction.

Diecast steel parts now being made by the process include hypodermic needles, carburetor cases, handles, and knobs. Weights cast vary from a few ounces to a top of about 15 lb.

• **Not a Cure-All**—Diecasting is by no means a complete answer to all problems of making steel parts. If very high strengths are required, you will still have to use forging. If the part isn't shaped in a way that makes diecasting economical, or if production runs aren't very long, ordinary casting may be the answer. If the part is exceedingly complex, you will still have to machine it from solid stock.

BRITISH WIREPHOTO HERE

LONDON—New wirephoto equipment developed by Muirhead & Co., Ltd., will get an early launching in the U.S. market.

Of postwar design, the equipment is already in use on a number of British newspapers and newspaper chains. Dailies in Sweden, Norway, and Denmark have been linked with transmitters in England. Many British experts feel that photos sent by the system can't be matched for quality or clarity by any other unit.

The equipment is built to scan at either 100 lines or 150 lines to the inch. It can be operated over two-wire or four-wire circuits; with added electronic panels, the sending equipment can be used for radio relay. The transmitter sends in full daylight.



Yes, it's Youngstown!

*Dependable Steel Pipe
...Easy to Install*

THROUGH the years, the guiding principle at Youngstown has been to make quality steel pipe which is well suited to serve the needs of plumbing and heating contractors and their customers. That's why Youngstown Pipe bends accurately, cuts readily, threads surely, welds easily--properties designed into the product for efficient fabrication, installation and long, satisfactory service.



Youngstown

STEEL PIPE

THE YOUNGSTOWN SHEET AND TUBE COMPANY

Manufacturers of Carbon, Alloy and Yoloy Steel

General Offices Youngstown 1, Ohio

Export Office - 500 Fifth Avenue, New York

PIPE AND TUBULAR PRODUCTS - CONDUIT - BARS - RODS - COLD FINISHED CARBON AND ALLOY BARS
SHEETS - PLATES - WIRE - ELECTROLYTIC TIN PLATE - COKE TIN PLATE - RAILROAD TRACK SPIKES.

TELLING THE STORY in newspaper ads is the papermakers' way of converting a sore subject into good publicity.

New Tack in Fight on Stream Pollution

Wisconsin pulp mills tell how they push research to end nuisance. Best answer: to convert wastes into useful products.

Stream pollution is a nasty word; the less said about it, most manufacturers with a waste problem think, the better.

But last week, Wisconsin papermakers were telling the public about stream pollution—what it is, what they are doing about it. They were running big advertisements in newspapers to put the message over. It was their answer to public campaigns against stream contamination.

Companies in other areas—and in other industries—might well be looking at what the Wisconsin paper people are doing. The pollution problem is getting more and more attention all over—and industry is often a target of antipollution drives.

- **Five Courses**—The papermakers told in their ads about a five-pronged research project that they're working on—

and said they are getting somewhere with it. Not too far yet, but somewhere. They are studying conversion of pulp-mill wastes into stockfeed, vitamins, fuel, chemicals, or road binder. Not all the projects look promising—but the publicity is helping pour oil on the turbulent waters of the pollution controversy.

• **More Money**—Braincenter for research on mill wastes is the Wisconsin Sulphite Pulp Manufacturers Research League. Every company of the industry in the state (except two small ones) is in on it. The league was organized in 1939. Ever since, members have taxed themselves 10¢ per ton of product (about \$65,000 a year), poured it into research. Now they have upped 1949 dues to 27½¢ so they can put more money into their job.

The bad actors in sulphite liquor (pulp-mill waste) are the innocent-sounding wood sugars, not the tricky chemicals used by the pulpwood plants. Sugars make trouble because aquatic organisms already in the stream flourish on them. As the organisms multiply, they hog the river oxygen that the fish need, so the fish migrate to better waters, or die.

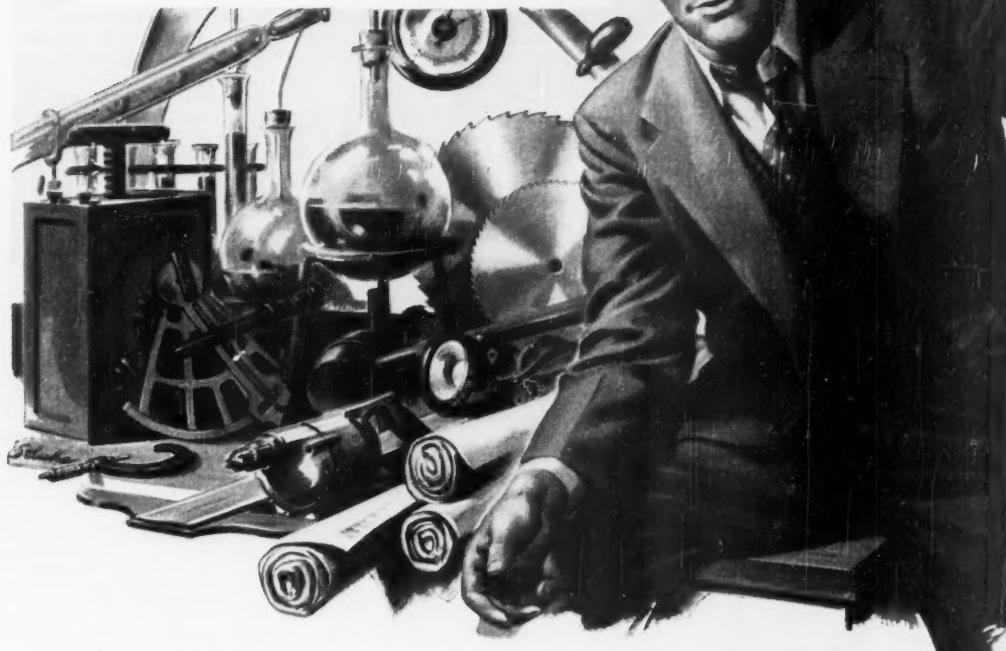
- **Yeast Working**—In the league's early days, its researchers leaned toward converting waste to a stockfeed. But only the first stages of this study (BW-Nov. 24'45,p32) have been in print.

Since then, the members have kicked in an extra \$500,000 above their annual assessments. That gave them a chance to start a commercial-size experimental plant to give the process a real tryout (BW—Nov. 9 '46, p28). For the last several weeks this plant, Lake States Yeast Co., has been operating at Rhinelander, Wis., alongside a sulphite mill.

The Rhinelander plant processes sul-

DON'T GET ME WRONG—

**We don't work with
ALL THIS STUFF!**

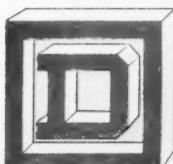


But—**Square D Field Engineers** work with the industries that do. Our specialty is electrical distribution and control as it applies to any industry. Each has its own problems. By working with all kinds and sizes, we encounter a lot of questions—and help work out the answers. As a matter of fact, our full-time job is working with industry—helping find that "**better way to do it.**"

Through such Field Engineers, located in more than 50 offices in the United States,

Canada and Mexico, Square D does its three-fold job: Designs and builds electrical distribution and control equipment in pace with present needs—provides sound counsel in the selection of the right equipment for any given application—anticipates trends and new methods and speeds their development.

If you have a problem in electrical distribution or control, call in the nearby Field Engineer. He'll help a lot in finding a "**better way to do it.**"



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MILWAUKEE

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phite liquor with a strain of torula yeast organisms. Into the top of a vat 26 ft. in diameter by 14 ft. high, sulphite liquor and other nutrients feed continuously. The yeast plants multiply in the tank and convert the troublesome sugars into proteins.

• **Result:** Stockfeed—Fluid with maximum content of yeast is drawn off at the bottom of the vat continuously. When whirled in a centrifuge, the material concentrates to 15% yeast cream; out into the stream goes water that's practically sugar-free. The cream is dried on heated rollers, and the finished product is a stockfeed that looks like yellow cornmeal. It's loaded with the B-complex vitamins, and all but one of the essential amino acids.

Theoretical capacity of the plant is 8,000 lb. of meal a day—that is, when it uses all of the recoverable liquor from a 50-ton sulphite pulp mill. But the plant had to be equipped 100% from the drawing boards because nobody had ever tried this process before on a big scale. Production bugs keep developing. Output has limped along at half the planned rate, with shutdowns for repairs or for refiguring a process.

• **Goal:** Once the plant gets going smoothly for a year or so, member mills can hope to learn some vital facts about yield, cost, and quality of product. Eventually the plant hopes to pipe into the yeast vat 90% of the most concentrated waste liquor from the pulp-mill blowpit, and to chew up 90% of the sugar in this liquor. That would keep at least 80% of the sugar out of the stream; there would be enough dissolved oxygen left for fish.

Theoretically, waste from the yeast plant won't be harmful in the stream. But only experience through a full year's cycle can prove it. Also, nobody knows how much yeast the animal-feed mixers will buy at prices that the plant can meet; now the stuff brings 10¢ a lb., which is less than cost.

At today's costs, a plant to process the liquor from a 150-ton mill is estimated at \$1-million to \$2-million.

• **Vitamins:** At Rhinelander, the yeast used is "torulopsis utilis." The researchers right now are revamping a pilot plant at Appleton, Wis., to test another yeast organism. The scientists are coy about naming their desired end-product at this stage: they do admit that they are aiming for a high-yield, low-cost output of a big-volume vitamin.

• **Wastes to Burn:** At Appleton, too, league researchers are setting their sights on conversion of sulphite liquor into fuel. The extra 1949 dues that league members are plunking down will build a pilot plant there to recheck a method that was thrown into the discard some years ago. About 55% of pulpwood tonnage goes into waste liquor, carrying plenty of B.t.u.'s. Evaporation of

the liquor to leave a concentrate for burning as fuel in the paper mill has theoretical appeal. But evaporation has cost too much; calcium in the liquor has scaled boilers and evaporators too much, and the fly ash from the burning fuel presents a bad air-pollution problem.

(A process that gets rid of calcium by treating the wood chips originally with magnesium oxide instead of limestone is getting a trial (BW-Dec. 18 '48, p53). It's the Weyerhaeuser-Babcock & Wilcox process, now under full-scale test at Longview, Wash. But for existing mills, installing the process would mean scrapping most of their present equipment.)

Hear of the new Appleton evaporate-and-burn pilot plant is a new-type Swedish evaporator of stainless steel. The claim is that the evaporator doesn't scale. If it meets claims, and if electrostatic precipitation in chimneys will handle fly ash—and experts think it will—this disposal method may click for mills that have to haul coal by rail.

• **Chemicals:** Another possible "out" for the disposal problem is to convert the lignum and cellulose in the pulp waste to intermediate chemicals. One of the intermediates they are working on is vanillic acid—which might be knocked down to produce flavorings, dyes, or plasticizers. But the whole chemical operation would cost plenty. Researchers are trying to find out how to do the job on a scale where the chemicals might pay their own way.

• **Road Binder:** Finally, the sulphite league is rechecking use of sulphite liquor as a road binder. It has been tried before, none too successfully. Key to the new approach is that flooding a road with the liquor seems to get results that sprinkling it on never had.

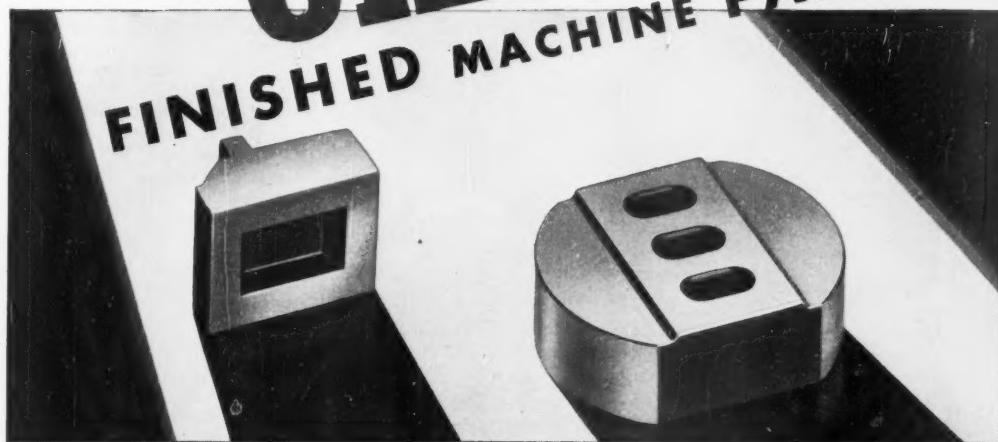
GLASS TV TUBE BOOST

One tough hurdle that slows down television set-makers is the tight supply of television tubes. The metal tube (BW-Sep. 11 '48, p72) promises to speed up manufacture, but hasn't quite reached the mass-production stage. In an effort to get all-glass tube-making moving faster, Corning Glass Co. recently set up a mechanized line (BW-Oct. 17 '48, p23).

Corning's first use of this plant setup was for small-sized tubes (10 in. and under). Last week the company announced that 15-in. and 16-in. tubes now would be made that way.

Result, according to Corning: more tubes for set-makers, and a 24% reduction in tube cost. But, the company adds, that won't mean a proportionate cut in set prices: a tube is only one piece of the television set. Also, 1949 prices wouldn't reflect the cost cut because those prices are based on the use of the lower cost metal tube, or on competition using the metal tube.

No TOOLING Program with **OILITE** **FINISHED MACHINE PARTS**



Finished to Precision Tolerances—No Machining

Eliminating tooling programs will save capital investment, time, floor space, and expense.

With OILITE, Engineers and manufacturers enjoy a NEW freedom of design.

Parts impossible to machine economically can often be made readily, by OILITE powder metallurgy.

OILITE Machine Parts are applicable to mass production.

Note the depression and elliptical bores in the parts shown above.

ADDITIONAL ADVANTAGES OF OILITE METAL POWDER UNITS ARE:

- * Quicker delivery.
- * No material shortages.
- * Every part an engineered product.
- * More than 20 machining operations eliminated.
- * Metallurgically and structurally homogeneous.
- * Complete laboratories and large engineering departments.
- * Broad range of ferrous and non-ferrous materials.
- * Self-lubricating surfaces if desired.
- * Over two decades of powder metallurgy know-how.
- * Representatives in every state and Canada.
- * Attractive savings possible.

Send your blueprints to Amplex Field Engineer or the Home Office. Address Dept. "K"

AMPLEX MANUFACTURING CO. DETROIT, 31
MICHIGAN
Division of Chrysler Corporation



FIELD ENGINEERS AND SUPPLY DEPOTS IN PRINCIPAL CITIES

**WHEN YOU'RE THINKING OF
PLANT MAINTENANCE...**

give it both barrels!



Dispense with half-way measures when you're thinking of paint for your plant—give it both barrels: Sherwin-Williams Save-Lite White for the light, cheery surroundings that eliminate eyestrain, speed production . . . Sherwin-Williams "prestudied" Color Harmony that promotes safety, reduces nervous tension, helps produce more and better products.

SHERWIN-WILLIAMS Save-Lite Whites

There's a Save-Lite White paint—flat, eggshell or gloss—that's right for your particular requirements! Need a Save-Lite White that gives outstanding resistance to fumes? One that resists both moisture and fumes? One that combines moisture resistance with high-speed drying? Then find out more about the great Sherwin-Williams Save-Lite White line! Take advantage of the years of research spent by Sherwin-Williams in formulating these superior whites! If you want lasting whiteness that enhances safety by reflecting more light, reduces rejects, cuts unit costs—you want a Sherwin-Williams Save-Lite White!

Products of
SHERWIN-WILLIAMS
Industrial Research

SHERWIN-WILLIAMS Color Harmony

Using one of the great variety of prestudied Color Harmony combinations, for walls and machinery, available from Sherwin-Williams, is like putting an extra force to work for you in your plant!

Sherwin-Williams Color Studios engineered all the colors into a group of comprehensive color harmonies that increase output, improve working conditions, cut down costs! We know many, many instances of the wonderful savings realized through the use of Sherwin-Williams Color Harmony. Here's just one—a radio tube manufacturer cut breakage and rejections over 15% by recoloring his machinery. Let us give you the full Color Harmony story! The Sherwin-Williams Co., Cleveland 1, Ohio. (Export Division, Newark, N. J.)



SHERWIN-WILLIAMS
INDUSTRIAL FINISHES

PRODUCTION BRIEFS

New phone booth for the Bell System will have a ceiling ventilator that changes air several times a minute. There'll be four times as much light on the phone and writing shelf, designers say. Production has just started at Western Electric.

Four big bearings (cost: \$5,000 each) have been shipped by SKF Industries to Royal Netherlands Blast Furnaces & Steel Works at IJmuiden, the Netherlands. Twice dismantled, the mill was moved to Germany during the war, was later shifted back to Holland after the Allies took over. The new bearings, a custom order, will be used as replacements on rolling mills.

Dow Chemical's new phenol plant addition has swung into production at Midland, Mich. It will up capacity by about 30-million lb. a year.

Applications are open for General Electric's six-week science fellowship program next summer. Courses are at Union College, Schenectady, and Case Institute, Cleveland. Science teachers in northeastern states can apply.

Forest Products Research Society nearly doubled its membership (now 1,850) in its second year. The society promotes more efficient use of wood and other forest products.

Rust inhibitor to protect auto fenders from damage caused by rock salt spread on icy streets is under test by the city of Rochester, N. Y. Chemists are mixing 40 lb. of polyphosphate salt with each ton of rock salt. The polyphosphate covers car metal with a protective layer that stops rapid oxidation. Inhibitor boosts the cost of the rock salt by about one-third.

G. M.'s research center on the outskirts of Detroit is finally set. G. M. has been backing and filling on the project, but has now decided to go ahead on it one building at a time. Total cost: more than \$50-million. One major preoccupation: high-compression engines.

Plant expansion at Barium Steel Corp.'s subsidiary, Central Iron & Steel Co., has doubled plate rolling facilities, upped ingot capacity. Cost \$2-million to do it.

Gypsum sheathing that's water repellent will be marketed soon, Gypsum Assn. says. It's designed to replace exterior wood sheathing.



Under a Bushel?

Is your factory "hiding its light" under a "bushel" of economic handicaps?

Then take it to the forward-moving Southland served by the 8,000-mile Southern Railway System . . . where Nature freely offers her choicest gifts to help industry thrive . . . where today's modest community is the booming

market of tomorrow . . . where Opportunity is the inseparable teammate of Initiative . . . where the future is bright with the promise of even greater things to come.

"Look Ahead—Look South!"

Ernest E. Harri
President



SOUTHERN RAILWAY SYSTEM

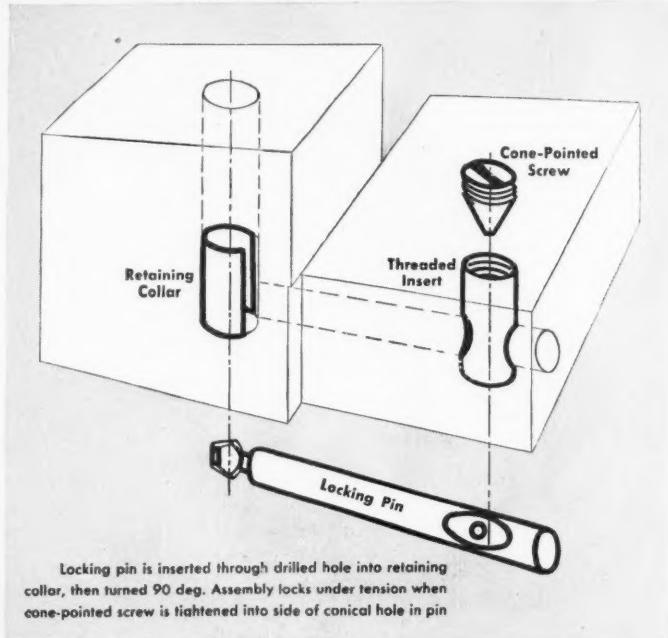
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Low initial installation cost . . . practically no maintenance . . . economical operation . . . plus proven performance in hundreds and hundreds of retail stores and industrial plants . . . make Janitrol Gas-Fired Unit Heaters your best buy for extra heat or for the complete heating system in your place of business. For descriptive literature and specification data to help you with your plans for better heating call your local Janitrol dealer, he's a gas heating expert and you can safely rely on his recommendations. You'll find him listed under Janitrol Heating in the classified section of your phone book.

**SURFACE COMBUSTION
CORPORATION, TOLEDO 1, OHIO**



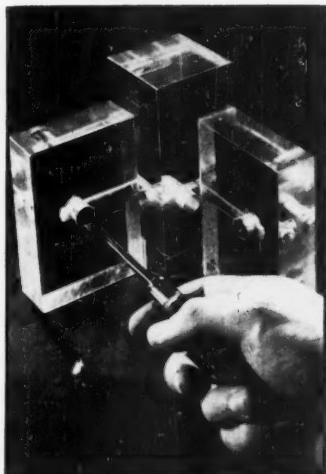
Mechanical Joint

A simplified mechanical joint for furniture has been designed by the Cam-Lock Division of Western Automatic Machine Screw Co., Elyria, Ohio. A locking device, its purpose is to take the place of woodscrews and glue in furniture assembly.

Through the use of a locking pin (above) and a wedge-pointed screw, strong, tight joints are obtained. Additional advantage: The furniture can be fitted for Cam-Locks, shipped assembled, then put together with a screwdriver on the dealer's floor.

In its simplest form, the new device consists of a pin, one end of which is held in place by a retaining collar in one piece of the joint. The other end fits into a drilled hole in the mating piece. That end of the pin has a conical hole (right). The screw fits slightly off center into this hole; as it is tightened, it produces a wedging action which puts the pin under heavy tension, drawing the joint tightly together.

To prepare a joint, all you need do is drill three holes: one for the pin retainer, one for the pin, one for the screw and its threaded insert. A feature of the design is that bearing pressures are all borne by steel, not wood. Cam-Lock does this by using metal inserts that fit into the drilled holes. The sys-



tem works on stock ranging from $\frac{1}{2}$ to 8 in. thick. It will be promoted for other assembly uses, beside furniture.

• Availability: now in production.

Building Board

New England Fibre Co. has brought out a fireproof building board that company engineers say combines structural

How temporary

is your "temporary" help?

You know from experience that it's usually not temporary at all . . . that almost invariably it becomes a *permanent* boost in your current operating expense.

For the day is past when the problems of office operation could be met profitably with stop-gap measures. The increased tempo of today's business demands modern methods and equipment. It requires mechanized efficiency to keep your office payroll stable.

With the proper machines for each job, your personnel can do their work much faster with less effort. There's less need for emergency hiring even during peak periods. Up-to-the-minute data and figures are on your desk when you reach for them . . . overtime is pared to a thrifty minimum.

Why not call in your local Burroughs representative today for a discussion of your office problems? Burroughs Adding Machine Company, Detroit 32, Michigan.

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IN MODERN BUSINESS MACHINES



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your new product
can be designed, developed & tooled up**

For your exclusive purposes, we can set up a restricted engineering section in this 400,000 square foot plant—even segregate equipment for your job alone, if need be. Then we'll assign selected men to your problem. Though not a supervisor, engineer, toolmaker knows your identity, your idea will swiftly grow into manufacturing prints, pilot models, production tools.

There are many advantages. Your own plant will have no locked doors to start rumors spreading. Competition will never receive a tip-off. And *equally important, top-notch designers, familiar with countless industries, will focus fresh points of view on your problem.*

The illustrated booklet "TAKE IT TO TAFT-PEIRCE" tells the story of T-P experience, T-P facilities. If you would like a copy, write: The Taft-Peirce Mfg. Co., Woonsocket, R. I.

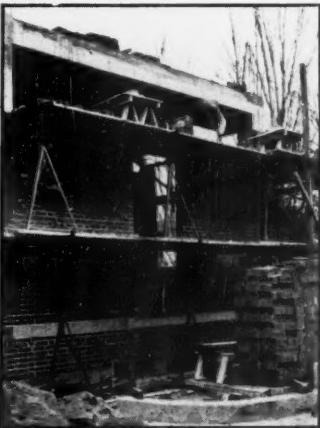


**For Designing, Tooling, Contract Manufacturing
TAKE IT TO TAFT-PEIRCE**

strength with heat and sound insulation. Made from ribbon excelsior bonded with Portland cement, the Type SI board weighs about 2 lb. per sq. ft. It comes in 2 x 9-ft. strips for partitions, and in 16 x 48-in. pieces for roof decking.

The board is easy to saw, can be plastered to make a full partition from floor to ceiling. With concrete roof forms you can use it as a bottom for the slab; that way it acts as an acoustical and insulating ceiling. The board is a light gray cement color; it comes in thicknesses of 1 in., 2 in., and 3 in. Manufacture is handled in Portsmouth, N. H.; main company sales office is at 2301 Maryland Ave., Baltimore 18.

- Availability: immediate.



Quick-Adjust Scaffold

To step up assembly of scaffolds for brick and stone construction, Wilson-Albrecht Co., Inc., worked out a new design for a mason's scaffold jack. The Waco Model T jacks can be set up in about a minute, the company says. One man can fold the all-steel unit, move it easily.

You can adjust the base of the jack for rough or sloping ground. Height can be set at 4-in. intervals anywhere from 4 ft. to 6 ft. 8 in. Weight runs from 38 lb. to 49 lb. The jacks have been tested on a local scale for about 2½ years. The manufacturer's address: 3565 Wooddale Ave., Minneapolis 16.

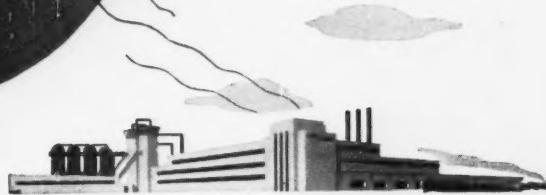
- Availability: immediate.

Fast Mailer

A high-speed mailing machine is set for market at Unifold Mailing Machines, Inc. Company experts say it will turn out as much work as a staff of 20.

First marketed in England, the machine is built for Unifold by Jackson & Church Co., Saginaw, Mich. It will

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you making?



DOWTHERM...*the heat transfer medium for high temperatures...*

means accurate control
in process heating

Because DOWTHERM heating means precision control, constant temperatures and uniform heat application, it makes possible new processes and new products. In many widely varied fields—foods, fabrics, plastics, rubber, paints and varnishes, to name only a few, the use of DOWTHERM has improved product quality and reduced operating costs.

In the plastics industry, for example, DOWTHERM helped make possible the mass production of nylon. In the varnish industry, it has practically supplanted direct fire in the production of varnishes. And, in the food industry,

almost all shortening is made palatable by the use of DOWTHERM heating.

DOWTHERM speeds the heating cycle and at the same time reduces labor costs. Its outstanding characteristic is the accurate control it affords in obtaining temperatures between 300 and 700°F. at low pressures.

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how does your letterhead rate? your printer has the answer!

What sort of an impression does your business letterhead make? Ask your printer to show you Nekoosa Bond's "Guide to Better Letterheads." You'll see what makes a good letterhead—and how to make a good letterhead better.

Your printer can give you many helpful letterhead tips. And when it comes to paper, no doubt he'll recommend using Nekoosa Bond—for fine appearance, durability and the prestige of a famous watermark.



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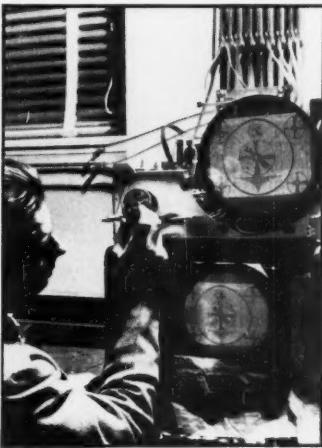


NEKOOSA-EDWARDS PAPER CO., PORT EDWARDS, WISCONSIN

fold letters, stuff them into envelopes, along with inserts, then seal the envelope—all automatically. You can adjust the machine for various sizes and shapes of paper. Speed is upwards of 3,000 envelopes an hour, the company says.

A specially designed air jet thrusts the envelopes open so you can insert enclosures; a self-adjusting folder-feed cuts down on spoilage from bad folds. Price of the model will run around \$3,500.

- Availability: three months.



New-Size TV Tube -

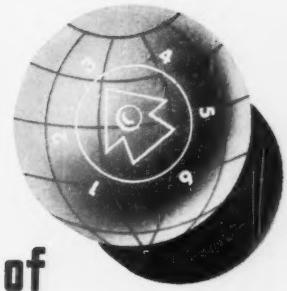
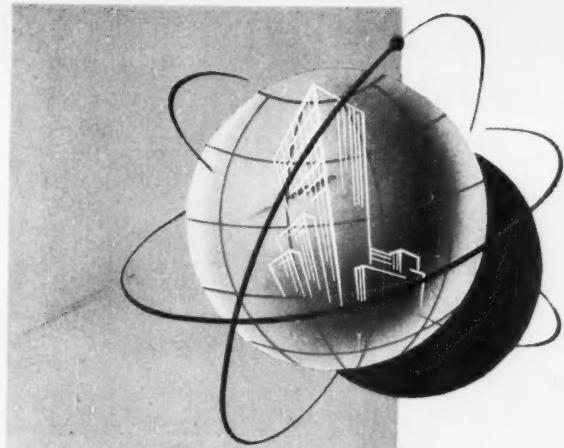
A bigger picture tube for low-price video sets has been developed by engineers at General Electric Co. First of its size, the new tube has a diameter of 8½ in.; it costs no more to build than the 7-in. tubes now in use, G.E. says.

Picture area is about 50% larger than that of the 7-in. tube. G.E. reports it will easily handle a 39-sq.-in. image (tube at top of set, above)—compared with an estimated 26-sq.-in. picture for the 7-in. tube (at bottom). Though the company won't talk about design details, it does say the tube is a "metal type" (the glass lens is "welded" to a metal cone) with magnetic focusing and deflection. So far, G.E. has farmed out 12 samples to equipment manufacturers for individual tests. The company's tube division at Schenectady, N.Y., did the development work.

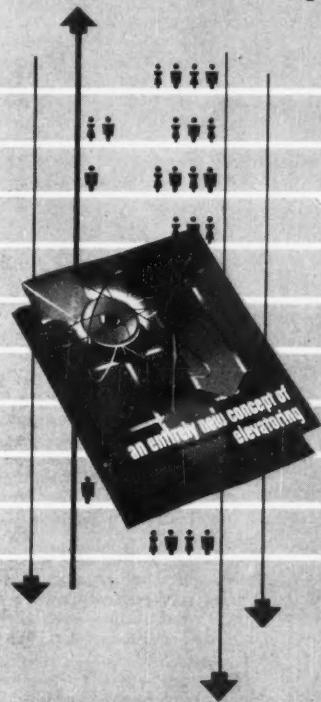
- Availability: Production should start during the third quarter of this year.

Desk-Pad Intercom

If your desk top is too crowded, you may want to take a look at an interoffice communication setup worked out by Robert H. Rigby Corp. The electronic unit is built into a desk-pad; the calling



an entirely new concept of elevating



We've studied the American business day—your day! You're always in a hurry for an elevator. You're in a hurry to get UP to work in the morning . . . DOWN to lunch . . . UP from lunch . . . DOWN and UP for morning and afternoon appointments or snacks . . . DOWN at five. Hurry, hurry, hurry.

Now, we've made it possible for you to hurry without fuming—anytime! We've developed the first elevating system ever to be timed to the 6 changing traffic patterns of your business day. It's called AUTOTRONIC Traffic-Timed ELEVATORING because its AUTOMATIC and ELECTRONIC features match service to traffic throughout your entire day. It's explained interestingly in a new Otis Booklet B-721-I. We'll be happy to send you a copy. Address: Otis Elevator Company, 260 11th Avenue, New York 1, N.Y.



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OTIS AUTOTRONIC ELEVATORING
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Helps keep your customers satisfied
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... and No costly complaints!

Porcelain enameled products, highly finished wood products . . . products of all kinds get positive protection—inside and outside—when packed in General Engineered Shipping Containers. And, here's why:

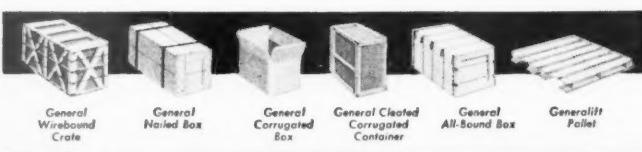
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Continental Box Company, Inc.: Houston, Dallas.



and receiving speakers look like a metal strip along the edge of the pad (picture, above).

The unit has connections to link your office with four outside desks. Models operate either on dry batteries or on lighting circuit power. To install, you just hook up the extension cables on the "pads." Each unit is a master station and can take calls from or send calls to any other unit. Calling is selective; you can direct your call to any one person without cutting in the other receivers. Once you get your party, there are no talk-listen switches to juggle back and forth.

The pads measure about 30 in. long, 19 in. wide; they come with either mahogany or leather sides. The company address: 101 Park Ave., New York 17.

• Availability: 60 days.

P. S.

Cigarette lighter for the gadget fan has a 2-in. retractable steel ruler in its base. Made by A. B. Hastings Corp., 420 Lexington Ave., New York 17, the Rulerite has a flip-open top, a windshield around the wick.

Electric mattresses—counterparts of electric blankets—are new additions for Eclipse Sleep Products, Inc., Brooklyn, and for Twin City Bedding Co., St. Paul, Minn.

Protective coating for silver, brass, copper, and steel prevents tarnishing. Tect is a vinyl resin combined with solvent. It's put up in a 3-oz. bottle with dauber by Tect Products Co., 556 Grand Ave., Englewood, N. J.

Nylon-pile carpet for aircraft is a development of Alexander Smith & Sons Carpet Co. Weight is only 2.4 lb. per sq. yd.

Electronic air cleaner, Westinghouse's Precipitron, will be made in a new all-aluminum model. Advantages: lighter weight, cheaper installation.

*"Double, double, toil without
and trouble..."*



They'll return home

**safe tonight because E-M spotted*
a health menace—and overcame it!**

Many thousands of workers—and their families—have cause to be thankful that their employers showed the foresight and good judgment to protect them with *Employers Mutual Workmen's Compensation Insurance*!

They know that their plants are better, healthier, safer places to work because of the superb quality of E-M services . . . humanitarian services firmly rooted in a recognition of workers and workers' families as *human beings* deserving humane consideration . . . not only in accident prevention and disease control but in rehabilitation and prompt, equitable claim settlement whenever misfortune strikes!

Employer-policyholders who are served by E-M engineering, nursing and claim specialists see these manifold benefits reflected in better worker-management relations and improved morale—and in premium savings. They know best how everyone, from the company president to the youngest child of the newest employee, is "ahead of the game" when their workers are able to "toil without trouble"—secured by the protection of skilled E-M insurance services.



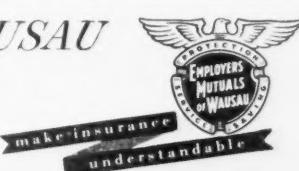
*A baffling malady which threatened the health of workers in a Western plant was found, upon investigation by an E-M engineer, to be caused by fumes created by the processing of materials. The engineer suggested remedial measures (including changes in ventilation facilities) which promptly eliminated the hazard.

EMPLOYERS MUTUALS of WAUSAU

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**make insurance
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GOOD NEWS FOR METAL-WORKING PLANTS

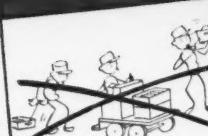
Faster Production



Speedy, localized induction heating cuts heating time to seconds.



Often eliminates copper-plating, packing, carburizing, straightening and extra machining operations.



Compact, clean machine can be located close to related operations to avoid hauling.



Set-up changes for different parts are easily and quickly made.

Lower Costs



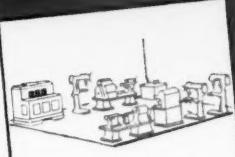
Slashes man-hours. Skilled labor not required.



Banishes rejects due to distortion. Saves wear on dies caused by scaling in forming applications.



Often eliminates need for costly alloys in product.



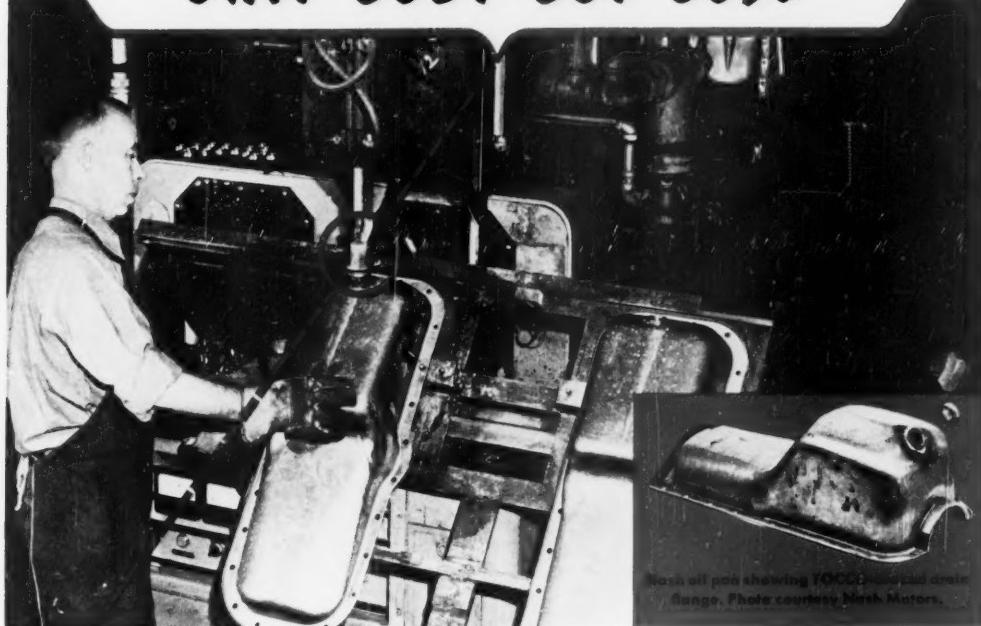
Saves floor space. Improves working conditions.

with TOCCO* Induction Heating

If you are concerned with the profit and loss figures of your company don't overlook the cost-cutting possibilities of TOCCO Induction Heating. America's leading metal-working plants have found that TOCCO can speed production and lower unit costs in hardening, heating for forging and brazing applications.

Look how NASH did it

PRODUCTION TRIPLED! UNIT COST CUT 60%



Nash oil pan showing TOCCO braze and drain flange. Photo courtesy Nash Motors.

with TOCCO* Induction Heating

Even if your products are entirely different in size and shape TOCCO can probably provide similar cost reductions and production increases for you.

• Nash Motors, Kenosha, Wisconsin reports the following benefits from TOCCO Induction brazing of drain flanges to automobile oil pans:

1. PRODUCTION TRIPLED—Using a hand torch, production was only 21 brazed assemblies per hour. TOCCO brazes 75 per hour—357% of former output!

2. COSTS CUT—At the same time TOCCO Induction brazing cuts labor and material costs from

\$12.75 to \$4.90 per hundred—a reduction of 60%, representing a saving of \$6.00 every hour.

3. OTHER ADVANTAGES—include a neater, better looking brazed joint, and a complete elimination of leakers and subsequent repair costs.

TOCCO Engineers are glad to help you find applications in your plant where TOCCO Induction Heating can increase your production, cut your costs and improve your products.

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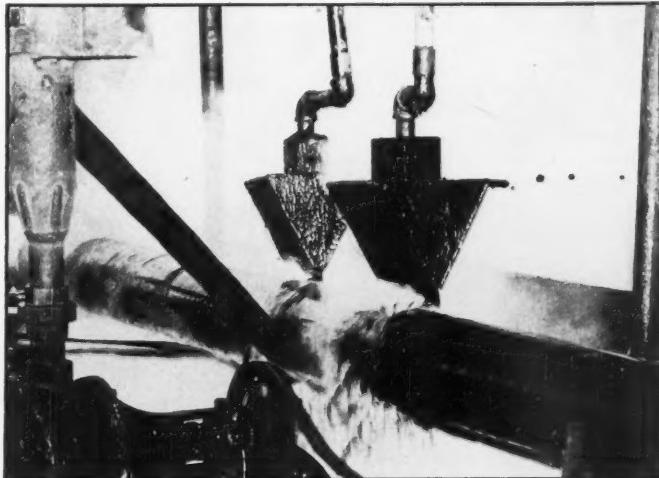
CAMERA VISITS INDUSTRY



1 At a yard on shore, alloy-steel pipe destined to lie under Matagorda Bay of the Gulf of Mexico is welded into 5,000-ft. sections on dollies on a launching track.

Pipeline Goes to Sea

To get cheap natural gas to run a new aluminum-ingot plant's electric generators, Alcoa lays a pipeline off shore of Texas.



2 Preliminary step in assembling pipe is to give it a protective coating. Here coal tar is applied. Then it is wrapped with several other kinds of coatings (TURN TO PAGE 56)

Large Winery
TURNS TO
**MERCURY'S
38 YEARS**
material handling
experience



Simplified, faster handling . . . at lower cost. These were the results accomplished with a fleet of Mercury "Yak" fork trucks, selected after extensive study of available designs and examination of other installations.

Success of this Mercury installation typifies the economies available through Mercury's 38 years' experience. For on the spot consultation, ask a Mercury Sales Engineer to call. Or write for details.

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THE MERCURY MANUFACTURING CO.
4146 S. Halsted St., Chicago 9, Illinois

TRACTORS — TRAILERS — LIFT TRUCKS

Pipeline GOES TO SEA (continued from page 55)

Have You Ever Taken
A HUMAN INVENTORY
of your BUSINESS?

- A *human inventory* of your business will probably show that your key men in management are your most valuable assets. What are you doing to protect yourself against their loss?
- Many heads of closely-held corporations, these days, are using The Mutual Benefit's Special Business Insurance Plan to protect their business, through indemnity, against the sudden death of key executives. And the flexibility of this plan gives you a liquid reserve that strengthens your business—enables you to meet emergencies—to take advantage of opportunities.
- These are but two of the advantages this Plan offers. For full details, write for interesting booklet, "Protecting Your Surest Source of Profits." No obligation, of course.

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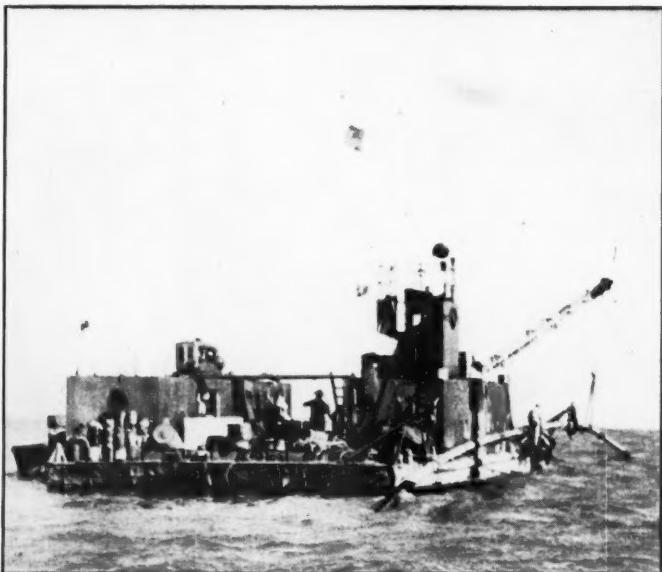
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13 MANUFACTURING DIVISIONS
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3 Streaming astern a tugboat for nearly a mile, pipe is towed to assembly barge in Matagorda Bay. The pipe, of a molybdenum alloy, is suspended just below the oil barrels



4 In bay, end of pipe already laid is fished out of water so that the new length can be attached. Assembly barge is an old wartime Navy landing craft (TURN TO PAGE 58)



Don't walk... Teletalk

WEBSTER ELECTRIC
REG. U.S. PAT. OFFICE
INTERCOMMUNICATION SYSTEMS

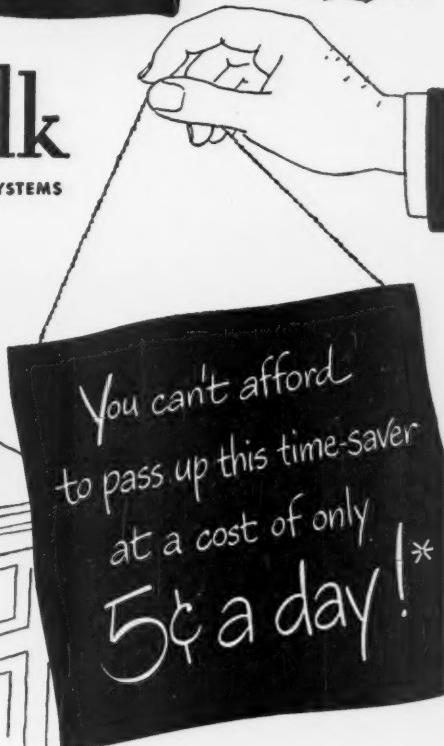


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RACINE, Established 1909 WISCONSIN

Export Dept., 13 E. 40th Street, New York (16), N.Y. Cable Address: "ARLAB" N.Y. City
"Where Quality is a Responsibility and Fair Dealing an Obligation"



Actually "Teletalk" is the least expensive of all the time-saving help you can secure. When you consider the investment on a per day cost basis and weigh it against the value of time lost by you and others in your organization, it becomes an outstanding asset and profitable investment. If you are faced with the need for greater efficiency in your organization or want to get more done each day with less effort, write for a full description of "Teletalk"—or check the intercommunication section of your phone book for the name of the nearest "Teletalk" dealer. He will gladly give you all details.

*(The figure of 5c a day per station is based on cost of equipment and installation of a typical system, plus 4% interest on investment, depreciated 10% per year.)

Webster Electric Co., Racine, Wisconsin

- Send literature covering the various models of "Teletalk."
 Have a representative call.

Name.....

Title.....

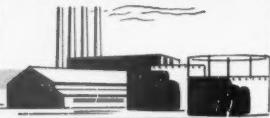
Company.....

Address.....

City..... State.....



FAR-AIR^{*} FILTERS



*Performance Leader
in Industry*

Many of America's most progressive industrial organizations are standardizing on Far-Air Filters. Laboratory and field tests conducted under varied conditions have proved their superiority — *herring-bone-crimp* construction assures dependable higher performance and lower maintenance costs.

Offices, laboratories, cafeterias, precision machinery, paint spray — any place in a plant where *clean air* is required, you can assure peak performance by specifying Far-Air Filters. A complete range of types and sizes is available.

Among the users of Far-Air Filters are:

Chrysler Corporation
Douglas Aircraft Co., Inc.
E. I. Du Pont de Nemours & Co.
General Electric Co.
General Motors Corporation
Johns-Manville Corp.
Kraft Foods Co.
Shell Oil Co., Inc.

A well-equipped testing and development laboratory is maintained for research in all types of filtration problems. Farr engineers are available in your territory to serve you. Write Farr Company, Los Angeles 43, Calif.



*Trade Mark Reg.

FARR COMPANY
Manufacturing Engineers
Los Angeles • Chicago • New York

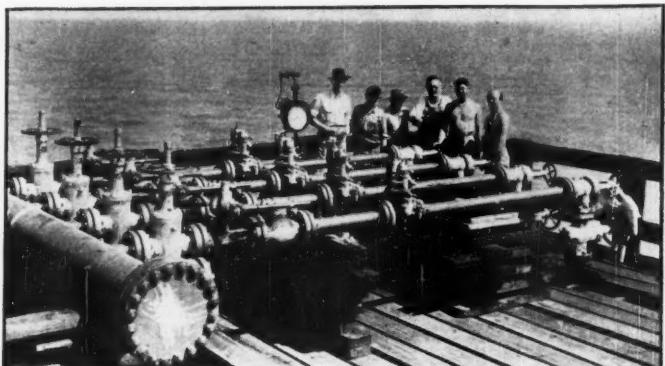
Pipeline Goes to Sea (continued from page 56)



5 Aboard assembly barge, welder, hanging precariously over the side, welds a new length of pipe to that part of the line which has already been laid



6 After welding, pipeline is again lowered to bottom to await another section. Crawler crane on line-littered deck does the work



7 Metering platform is 11½ miles offshore. Gathering lines from underwater gas wells meet here to supply pipeline. Flexible connectors allow for wind and wave action



8 Getting pipe laid was so important, work continued at night with signal lights

Line Will Pay Off

Although it represents an investment of several millions, it will mean cheap power. A big problem was corrosion.

When Aluminum Co. of America decided to erect an aluminum-ingot plant at Point Comfort, Tex., near Port Lavaca, one of its problems was: Where would all the necessary electricity come from, or the fuel to generate its own?

• **Problem and Answer**—It found its answer in several natural gas wells 11½ mi. out in the Gulf of Mexico. The gas would be an inexpensive fuel for conventional spark-fired gas engines to drive generators. The only other problem was to get the gas ashore.

A pipeline seemed to be the only answer. But first there was a big stumbling block. The pipe had to be protected against destructive salt-water corrosion. Continental Construction Co., Alcoa's contractor on the job, worked out an elaborate scheme: The pipe was first coated with two coats of coal-tar enamel, followed by a wrapping of glass mat. Then came a third coat of enamel, a second wrapping of glass mat, and finally a wrapping of kraft paper. A further step to retard corrosion was the use of "sacrificial" magnesium anodes (BW-Apr. 19'47, p72). Since corrosion is basically an electrolytic process, the base metal, magnesium, slowly oxidizes in place of the steel pipe.

• **Inexpensive Electricity**—As a result of these measures, Alcoa is confident that the pipe, laid at a cost of several million dollars, will last for many years. And when the new ingot plant goes into operation early in 1950 (estimated annual capacity: 114-million lb.) Alcoa will have cheap electricity.

It pays to use your custom molder's know-how
Say RCA Victor Engineers

No. 2 in a series on Plastics Skill at Work...



PROJECT: Bezel frame for 10-inch television kinescope.

CUSTOMER: Radio Corporation of America, RCA Victor Division.

MOLDER: Kurz-Kasch, Inc.

MATERIALS: Heat-resistant Durez phenolic with gold lacquer finish.



SUCCESS INSURANCE: Kurz-Kasch molding specialists pre-sampled and pre-tested all likely materials to make sure bezel would process satisfactorily and not interfere with picture on the receiver. Heat-resistant Durez was recommended... it proved to be an ideal material.

● RCA Victor engineers were aiming at top performance in developing this popular-priced television set. One step they took to get it points up a good working rule for manufacturers in many fields... *Though you may know "all about" plastics, the counsel of a reputable custom molder is the best kind of success insurance.*

In this case, RCA Victor realized that metal would be less than ideal for the kinescope bezel frame. Cost was against it... as was the tendency to pick up electrical disturbances. So they specified a general-purpose phenolic plastic.

Then Kurz-Kasch, the molder, sampling many materials before going ahead, found that a heat-resistant Durez

stood up under paint baking temperatures best of all. Also, being big and thin-sectioned, and having only four corner bosses in line with RCA Victor assembly standards, the bezel required the dimensional stability of this Durez phenolic.

Almost everywhere in industry the know-how of good molders is helping to make better products. Durez too, as leading specialists in the phenolics, can bring broad experience to your new product planning.

Our field engineers are available whenever you say the word.

Durez Plastics & Chemicals, Inc., 402 Walck Rd., N. Tonawanda, N. Y.



PHENOLIC PLASTICS THAT FIT THE JOB



when it's Spring that counts

Fabricators of products employing high carbon spring steel must make certain that they always achieve and maintain *just the right spring quality* in their hardening and tempering operations. That's where CMP comes in. For CMP annealed spring steel, another Thinsteel product, offers the unvarying accuracy to specifications in coil after coil that provides the answer. Leaders in precision strip rolling and processing advancements, CMP assures:

1. Chemistry held within range for best heat treatment response.
2. Width and gauge accurate to closest tolerances.
3. Annealing controlled for ideal spheroidization.
4. Decarburization held to absolute minimum.
5. Physicals uniform throughout every shipment.

For information on this or other Thinsteel products, write

LOW CARBON
SPRING STEEL
ALLOY GRADES
STAINLESS



the Cold Metal Products Co.

YOUNGSTOWN, O.

NEW YORK • CHICAGO • DETROIT
ST. LOUIS • BUFFALO • INDIANAPOLIS
LOS ANGELES

MARKETING

Pin Down Your Customers

Marketing men now can get benefit of government survey which tells where potential customers are located, how many there are, and how much money they make.

If a sales executive could have his topmost wish it would probably be the answers to these three questions:

- (1) Where are potential customers located?
- (2) How many are concentrated in a given area?
- (3) How much money do they make?

• **Vast Job**—Ordinarily, the answers would be hard to come by. No single market research organization is big enough to compile such statistics on a national scale.

But where private agencies aren't equipped to do the job, the federal government is. It has, in fact, just come up with an exhaustive survey that answers these questions in the most minute detail.

• **51 Surveys**—The survey is titled: "Business Establishments, Employment & Taxable Payrolls." It's the joint product of Commerce Dept.'s Office

of Domestic Commerce and the Bureau of Old-Age & Survivors Insurance of the Social Security Administration. Actually, it isn't just one survey but a series of 51—a summary for the entire U. S. and separate reports for each of the 48 states, for the District of Columbia, and for the territories of Hawaii and Alaska.

The reports contain county-by-county employment and payroll data for 2.5-million business establishments. The firms are grouped under 157 industrial headings for 415 of the nation's larger counties, under nine headings for the rest. In all, the survey covered 34.5-million workers who earned about \$20.6-billion in the base period—January to March, 1947.

• **Design**—Each state report consists of three long tables which show the number of firms in each industry by size. Each is so designed as to help sales



Video Gets Into the Juke-Box Circuit

Solotone Corp. is demonstrating this contribution to the push-button age. It's a three-way refinement on the familiar juke box for taverns, restaurants, and the like. All the pretty models above have to do is

to deposit a coin in the box at the left, then choose between television, radio, or a musical recording. In putting the set together, the Los Angeles company utilizes TV equipment made by Hallicrafters Co.



JUST as Burroughs adding, calculating, and bookkeeping machines speed the "figure work" of all kinds of business, Fruehauf Trailers are doing an effective transportation job to keep production timed with orders.

Burroughs manufacturing facilities are divided into three major plants in the Detroit area. Their production, however, is linked together largely by over-the-highway hauling. As modern business methods called for more and more "mechanized figuring," old methods of delivering parts and finished machines had to be geared to the rising tempo. Trailers were then added to the fleet—and deliveries multiplied many times.

How could this be accomplished? Simply because the same small trucks coupled to the Fruehaufs more than doubled Burroughs loads.

In this case-history, Trailers further demonstrated their earning power. Whenever possible, one Fruehauf is left standing for mechanized loading while another at plant II or III is being unloaded. A truck coupled to a third Fruehauf rolls on with its load—and idling time is eliminated.

This "Shuttle Method," as it is known to traffic men, clearly demonstrates how initial investments and maintenance costs are lowered. In fact, this saving, over and above increased truck loads, has been responsible for the Trailering of many operations.

Your nearest Fruehauf representative is well qualified to assist you in planning hauling short-cuts and acquainting you with the wide variety of models in the Fruehauf line.

World's Largest Builders of Truck-Trailers

FRUEHAUF TRAILER COMPANY

DETROIT 32 • LOS ANGELES 11

In Canada: Weston, Ont.

79 Factory Service Branches

Hear Harrison Wood, Interpreter of World Events,
Every Evening Afternoon,
8 P.M. (EST) Consult Your
Local Paper!

There is a Model for Every Hauling Job!

FIRST IN TRUCK-TRAILER TRANSPORT

Save Time! Save Temper! PREVENT "FIND-I-TIS"*



**GET YOUR
FREE COPY TODAY ...**

... FAMOUS GLOBE-WERNICKE "FIND-I-TIS" BOOKLET SHOWS HOW FILING IS MADE EASY ...
QUICK ... ACCURATE!

For secretaries and file clerks in distress this Find-i-tis book is the most amazing help ever written to show the simple, quick, easy way to run a file. Takes out all uncertainties... ends the puzzling questions... explains in a few words the real CURE for "Find-i-tis," which means "inability to find what you have filed." Literally thousands of office workers—managers and bosses, too—have already obtained a copy to straighten out their files. *And it always works!*



Even if your files are not a victim of "Find-i-tis," get this book anyway, and be safe for the future. Ask for it FREE at any G/W dealer, or write today—on your Company letterhead, please—to The Globe-Wernicke Co., Norwood, Cincinnati 12, Ohio. "Headquarters for Modern Office Equipment."

*The inability to find what you have filed.



Globe-Wernicke "SAFEGUARD" FILING SYSTEM

Supremely simple . . . cures "Find-i-tis" so easily! A complete packaged outfit of A to Z "Safeguard" guides, folders, instructions, to install a trouble-free filing plan in any 1-, 2-, 3-, or 4-drawer file; also available for larger requirements. See it at G/W dealer, or write Globe-Wernicke.



Visible Record Systems
Office Furniture
Bookcases
Stationers' Supplies



Globe - Wernicke

FILING EQUIPMENT AND SYSTEMS

executives to figure geographical market potentials, sales quotas, and advertising budgets by pinpointing important business areas or industrial concentrations.

A furniture distributor, for example, would learn that in Jefferson County, Ala., there were 122 home-furnishings establishments. By size (based on number of employees) these were distributed as follows:

	Number of firms
Under 3	51
4-7	40
8-19	14
20-49	13
50-99	3
100-499	1
500 and over	0

• **Employment, Income**—For somewhat different reasons—for instance, ultimate retail sales—the furniture distributor might also be glad to know that 151,000 persons were working in Jefferson County, earning \$80.8 million in the quarter. (He could also learn that home-furnishing stores employed 1,194, paid them \$67,000.)

With data as detailed as this, it's no wonder that the complete survey runs to some 1,000 full-sized, closely printed pages. Yet despite the size of the job, it cost only \$100,000.

Here's the reason for the bargain: The raw data were continually being gathered and put on punch-cards by the Bureau of Old Age & Survivors Insurance in the course of its regular work. It wasn't until a few years ago that Commerce Dept. marketing experts realized the data's potential value.

• **First Survey**—Commerce and the Social Security Administration chipped in a total of \$100,000 to pay for tabulation of the first survey, covering the first quarter of 1946. A trade association, the Office Equipment Manufacturers Institute contributed another \$10,000 to pay the cost of printing 1,500 copies.

The 1946 print-run quickly disappeared into libraries and other government agencies. Few reached the hands of marketing men in private business.

• **Last Survey?**—The current version, just put on sale at the Government Printing Office, will be reprinted as long as demand keeps up. The price: 5¢ to 25¢ for each of the individual reports, depending on the state; \$7 for the set. Sale price covers only the cost of printing.

Though no one questions the value of the survey, the 1947 edition is likely to be the last one made. In the past two years, the money was squeezed out of other projects. But now both Commerce and the Social Security Administration say they can't afford to pay for tabulation again. And the Budget Bureau, under its no-new-projects rule, has turned down a request for the necessary funds.

MARKETING BRIEFS

Retail drug sales hit \$3.7-billion last year. That's 1.5% over 1947.

The New York Star folded last week. The Star was the successor to deficit-ridden PM, sold last June by angel Marshall Field. New owners Bartley C. Crum and Joseph Barnes upped both circulation and advertising, but couldn't find enough ready cash.

Women salesmen will sell G. E. appliances from door to door. Dealers complain they can't get men, so G. E. is training women.

TV sets produced last year came to 975,000. The Radio Manufacturers Assn. says that brings total postwar output to about 1.1-million sets.

Best-selling TV sets this year will have 10 and 12-in. screens. A Sylvania dealer survey shows that 42% favor the 10-in. size; 44%, the 12-incher. Larger screens got only 12% of the vote.

Oil burners installed last year came to 350,000, making more than 4.1-million in use at year's end. The Oil Heat Institute of America thinks installations this year will hit 550,000.

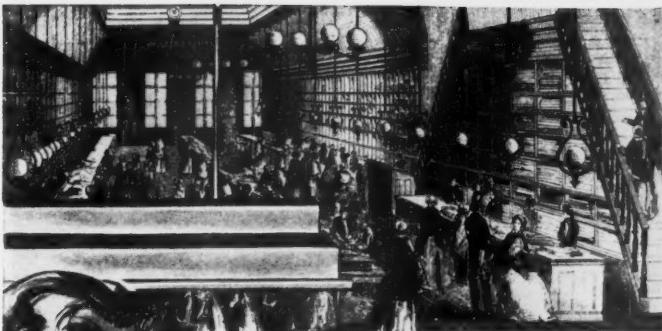
Margarine production was down to 72.4-million lb. in November (from 79.6-million in October). In November, 1947, it was \$1.8-million. Lower butter prices probably are the big reason.

The television "freeze" (BW—Oct. 9'48, p54) will be thawed out by FCC about March 30. Chairman Wayne Coy says there must be 50 to 75 channels (there are 12 now) to fill the requirements of competition. But he doesn't say how he'll get them.

How much clothing does your family own? How much of it was made at home, or received as gifts? What fabrics do you choose? The Dept. of Agriculture is finding out these facts in a survey that will help the clothing industry decide what to produce and sell.

The population trend looks different than it did. The National Industrial Conference Board says the increase between mid-1946 and mid-1948 was 6-million. Best guess on the 1950 total is now 149-million—5-million more than anyone thought five years ago.

Cost of installing an electric range in 1948 averaged \$40, says Hotpoint—down \$9 from the year before.



BETTMANN ARCHIVE

Groping for facts on Lighting Costs?



CUTTING COSTS is this starter's Number One job. It's the General Electric Watch Dog* starter—the starter that won't let fluorescent lamps blink.

CUTTING COSTS on maintenance was my Number One headache when we first planned to re-light the old place. That's why I insisted on fixtures with G-E Watch Dog starters throughout. With ordinary starters—every worn-out lamp is an emergency as soon as it starts to blink. With Watch Dogs—an old lamp burns out, and the starter turns it off. We replace lamps on routine checks, push the starter reset button, and the new lamp's set to go. Watch Dogs save us time, cut ballast burnouts, and save on starters. All because Watch Dogs don't waste their time trying to light flickering worn-out lamps.

CUTTING COSTS means all-round savings to the Boss. And he's getting 'em with Watch Dogs. Continuous, even lighting is cutting clerical errors and saving tempers all around. He's with me all the way on the Watch Dog story.

If you're interested in the General Electric Watch Dog starter story—if you'd like to know which manufacturers are supplying fixtures with Watch Dogs—contact the General Electric Accessory Equipment representative in your area, or write to Section Q31-210, Construction Materials Department, General Electric Company, Bridgeport 2, Connecticut.

Fluorescent Lighting Does More... Costs Less... with...



G-E TURRET™ LAMPHOLDERS FOR EASY maintenance, come in three styles for two- or three-lamp units. Insist on General Electric lampholders on the fixtures you buy.

G-E WATCH DOG STARTERS START lamps hot—stop them cold when flicker begins—outlast ordinary starters. Look for this tag for efficient fluorescent lighting.

*TRADE-MARK REG. U.S. PAT. OFF.



GENERAL ELECTRIC



194R



help you get greater value from your advertising campaign

You invest thousands of dollars in effective, colorful advertisements to build consumer demand and recognition for your product.

To receive the greatest value from your advertising, your product should be delivered to the user in good condition.

And for sales action at the point of purchase, your package must attract favorable attention.

For better protection and greater sales, depend on Gaylord precision built boxes. Artistically designed and colorfully printed, they are a powerful aid to sound merchandising.

*Call in a Gaylord sales representative
—you'll find his experience a real help.*

GAYLORD CONTAINER CORPORATION

General Offices: SAINT LOUIS

New York • Chicago • San Francisco • Atlanta • New Orleans • Jersey City • Seattle
Detroit • Indianapolis • Houston • Los Angeles • Oakland • Minneapolis
Jacksonville • Columbus • Fort Worth • Tampa • Cincinnati • Dallas
Des Moines • Oklahoma City • Greenville • Portland • St. Louis • San Antonio
Memphis • Kansas City • Bogalusa • Milwaukee • Chattanooga • Weslaco
New Haven • Appleton • Hickory • Greensboro • Sumter • Jackson • Miami

Radios for Buses

Transit Radio, Inc., now has 1,000 pretuned sets in buses in six cities. Local advertisers sponsor music.

Passengers on Washington (D. C.) buses last week lurched along to the accompaniment of soft FM radio music. Responsible were (1) a Cincinnati firm called Transit Radio, Inc. (BW-Feb. 14 '48, p40), and (2) local advertisers.

• **1,000 Already**—Transit Radio has already installed about 1,000 radios in buses in six other cities. The sets are special pretuned and locked Stromberg-Carlson FM radios, each costing about \$200 installed.

The cities and the number of bus radios now—or shortly to be—in each: Houston, 200; St. Louis, 100; Cincinnati—northern Kentucky, 400; Scranton—Wilkes-Barre, Pa., 70; Huntington, W. Va., 30; Worcester, Mass., 252. Contracts, but not installations, have been completed in Kansas City, Mo., Des Moines, and Tacoma.

There was some talk last year of putting radios in San Francisco buses; it raised public protest, and the scheme has been "temporarily dropped."

• **Payment**—Transit Radio pays the bus lines for the use of their vehicles. This payment is either: (1) a flat monthly fee, (2) a percentage of Transit Radio's gross receipts from advertisers, or (3) a percentage of the local FM radio station's net income after all costs are paid.

Revenue from national sponsors up to now has been practically nil. Local advertisers in each city range from grocers to automobile dealers. There are not enough of these either—yet—to pull Transit out of the red.

• **Problems**—Hulbert Taft, Jr., Transit's president and director of two Cincinnati radio stations, says that one big problem his company had to lick was the volume of the sound. Voice reception in a bus is poor unless volume is boosted. But high volume makes music reception annoying. So at the start of voice transmission, the FM station sends out a 20,000-cycle tone which changes the volume in the bus radio.

Programming is another angle that requires careful planning in order to avoid dead periods on bus radios. For example, many radio programs, such as soap operas, are thought to be inappropriate for broadcast to buses.

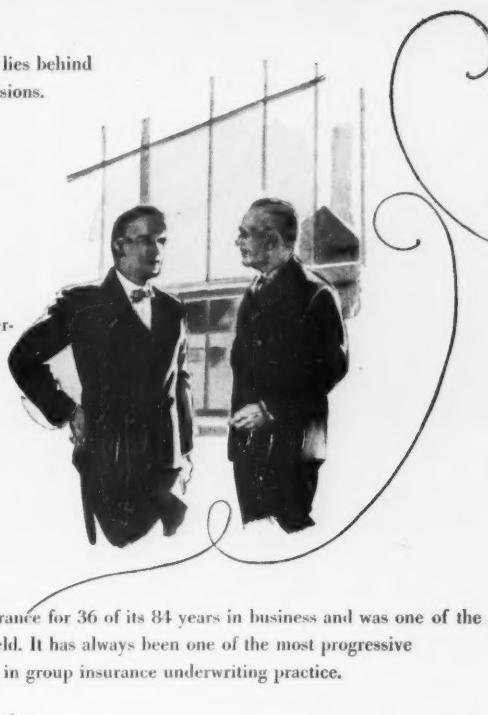
• **Threat**—Overhanging Transit Radio's whole operation is one serious threat. Any local public service commission could declare the radios unsafe because they distract the bus driver and order them out. But Taft is unworried; he thinks that legally he is in the clear.

What makes a good group insurance plan good?

The same kind of planning that lies behind your own company's policy decisions.

Why is expert planning so necessary?

Because group insurance, to be really effective, must be properly coordinated with your whole employer-employee relations program, and then kept up-to-date with changing conditions.



What is Connecticut General's experience in working with business and industry?

Connecticut General has been writing group insurance for 36 of its 84 years in business and was one of the first insurance companies to enter this field. It has always been one of the most progressive companies in initiating advances in group insurance underwriting practice.

Is your problem big enough for Connecticut General's expert assistance?

The need for expert assistance does not depend upon the size of your company. Often a small organization will have more complex problems than a large one. Connecticut General is not "size conscious."

C O N N E C T I C U T G E N E R A L
LIFE INSURANCE COMPANY
HARTFORD, CONNECTICUT

LIFE, ACCIDENT, HEALTH and
GROUP INSURANCE and ANNUITIES

THE PROTECTED PAY ENVELOPE PLAN



For careful, competent, individual study of your situation, investigate Connecticut General's Protected Pay Envelope Plan. It is equally applicable to the needs of large or small organizations. It provides all forms of group protection: life, accident and sickness, hospital, surgical and medical expense insurance and pension plans, singly or in combination.



From newsstands . . .



To restaurants . . .

American News Stretches Its Empire

Subsidiary Union News Co. operates retail outlets in and out of railroad stations; parent wholesales.

Distributing the billions of words that come from the nation's printing presses each week is one of the roughest, toughest marketing jobs in the world. Sometimes, in fact, the job has been tough in more ways than one: Old-time publishers still remember circulation wars which reached the brass-knuckle level before they ended.

Today, this highly competitive business is conducted on a slightly more genteel level. And one big distributor, American News Co., is even beginning to sport some dignified gray hairs. This week American (and its subsidiary, Union News Co.) celebrated its 85th birthday.

• **Spreading Itself**—For the last two months, American has been giving itself some birthday presents—through its Union News subsidiary. During that period, Union has (1) bought out the Savarin restaurant chain in New York; (2) taken over operation of restaurant facilities in the New York Central system's Buffalo and Toledo terminals. And this week Union is adding a new restaurant and retail bakery on Manhattan's swank upper East Side.

This isn't the first time that American or its subsidiary has stepped outside the periodical-distribution business. In the long span of their histories, both companies have dipped into plenty of other activities.

• **Origin**—American News was formed in 1864 to distribute periodicals and

get them to all parts of the country for simultaneous release. It did a business of \$2-million in its first year. Since then it has grown enormously; nearly 400 branches across the U.S. and Canada now distribute magazines, books, toys, and stationery to some 90,000 newsdealers, department and drug stores, bookstores, cigar stores, and sporting goods outlets.

Union News Co. was also formed in 1864—to accommodate passengers on Commodore Vanderbilt's New York & Harlem R. R. Today the company operates newsstands, book and tobacco shops, lunch counters, restaurants, barber shops, bootblack stands, and drug stores at way stations and in the big cities. The company also holds the "train-butcher" concession on many railroads.

American absorbed Union News in 1872—after American had started a rival retail outlet, the Railroad News Co. Railroad News was folded after acquisition of Union.

• **Pattern**—American thinks it set the basic pattern of nationwide magazine sales and distribution. Publishers, however, were only the first to benefit from the company's then unique service—making retail markets far and wide accessible without the need to reach them through direct personal contact. Other industries promptly jumped on the American-Union distribution bandwagon.

The going was not all easy during the early days. But fires, floods, and other disasters couldn't be allowed to hold up release dates for books and magazines. Standby facilities were always kept in mind. When Mrs. O'Leary's cow upset the lantern and set Chicago afire, company men set up shop in a tent by a rail siding even before the flames were out. When quaking earth crumbled San Francisco, a branch was immediately opened in Oakland.

• **Present Setup**—The gangling empire is now administered from an 11-story building in lower Manhattan. Bottom floors are stacked high with books, magazines, toys, and stationery awaiting shipment to thousands of retailers. Higher up are the sales and accounting departments.

On the top floors are the executives, headed by Board Chairman Michael A. Morrissey. Like most of the company's executives, Morrissey rose from the ranks, floor by floor as it were. He still works in shirtsleeves, and keeps a large polished spittoon near his desk.

• **Books, Too**—Magazines, of course, form the core of American News' operation. But its book business is also enormous: American reports it wholesaled 1-million copies of "Gone With the Wind" and more than 300,000 copies of Willkie's "One World." The book department, the company says, handles between 20% and 35% of the sale of most popular books (including reprints).

As part of its service to booksellers, the company issues a monthly "American News of Books" which is designed

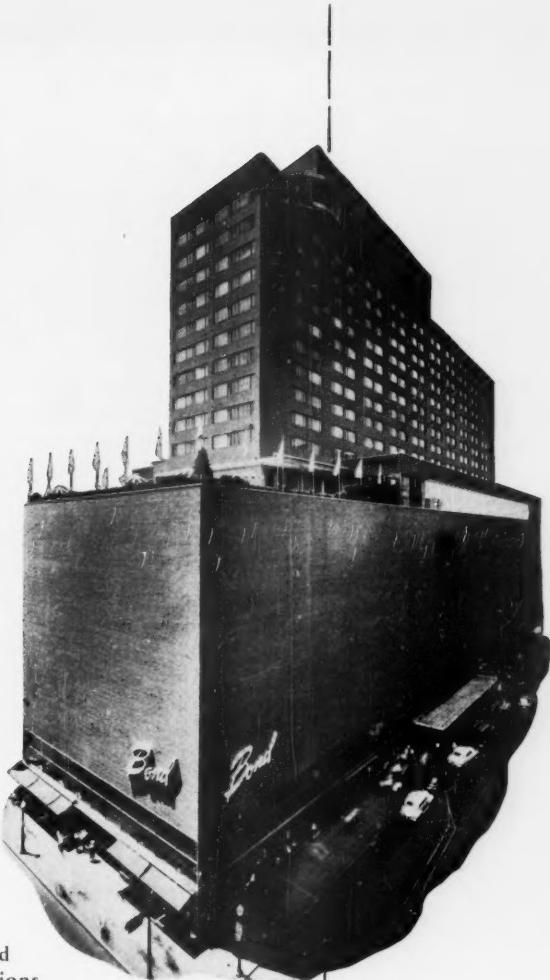


Show BUSINESS WEEK readers
how AAF Super-Clean Air benefits
guests and owner alike at the new
Terrace Plaza Hotel

YOU eat, sleep and relax in super-clean air at Cincinnati's new Terrace Plaza Hotel. Every one of the 324 guest rooms plus lobbies, restaurants and service quarters are served by a modern air conditioning system which includes AAF Electro-Cell Electronic Precipitators.

City dust and smoke can't encroach upon guests here. Super-clean air protects personal belongings as well as snowy white linens and sparkling glassware; helps maintain the "spic and span" appearance of furnishings and decorations. Management benefits, too, because absence of dust and smoke reduces cleaning and redecorating costs; prolongs the life of equipment. And, in the mercantile section on which this "penthouse hotel" rests, super-clean air assumes the added duty of protecting merchandise from soilage.

Super-clean air is not a luxury—it's a necessity to any business where dust and smoke can spoil a product, increase maintenance or turn away a customer. The right filter or electronic precipitator for your needs will be found in American Air Filter's complete line of product. Over 25 years' successful engineering experience in this specialized field assures your obtaining the maximum benefits of super-clean air. For complete information, call your local AAF representative or write direct to—



SKIDMORE, OWINGS & MERRILL
Architects

JAROS, BAUM & BOLLES
Mechanical Engineers

CARRIER CORP.
Air Conditioning

AMERICAN AIR FILTER COMPANY, INC.

387 Central Avenue, Louisville 8, Ky.

In Canada: Darling Bros., Ltd., Montreal, P. Q.



AIR FILTERS
AND ELECTRONIC PRECIPITATORS

for better plant operation

Look to



**FROM A SIMPLE
MOTOR STARTER**

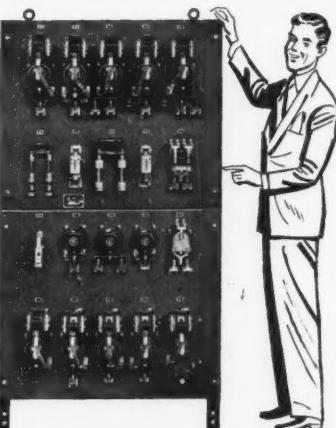
CLARK ELECTRIC MOTOR CONTROLS

Management concerned with problems of increasing production, cutting operating costs, improving plant safety or getting the most out of high-cost manpower, should look to CLARK controls for a possible solution. No matter what your job—from the starting and stopping of a single small motor to the safe, automatic, co-ordinated control of many motors, large or small—you will either find a standard CLARK control exactly right for the job, or CLARK engineers will design special equipment to meet your specific needs.

TO SPECIALLY ENGINEERED PANELS FOR MULTI-MOTOR OPERATIONS IN ANY INDUSTRY

Clark Controls are extra-rugged and incorporate many exclusive built-in features for greater efficiency, longer life, easier maintenance and more dependable every-day performance. Clark engineers have broad experience; are eager to tackle the most unusual control problem.

Clark "packaged" control items . . . starters, push-button stations, switches, relays, contactors, etc., are designed by engineers who "know how." Contact our nearest district office or write us direct about your motor control problems.



THE CLARK CONTROLLER CO.

EVERYTHING UNDER CONTROL

1146 EAST 152nd STREET, CLEVELAND 10, OHIO

to estimate the demand for new books. This regularly circulated pamphlet contains capsule reviews of all books, and scores them on their likelihood of commercial success. A pat from this service can put a book over, while a knock is often a kiss of death.

• **Advantages**—In general, the advantages of network distribution are many to both publishers and retailers. Publishers are assured of wide coverage for their merchandise, easy handling, central collection. Dealers are able to get all sorts of varied items from a single source, and to make returns to a central location. They also find paper work trimmed to the bone—an asset that saves both time and money.

The company keeps close-mouthed about its specific agreements with manufacturers, publishers, and retailers. But terms are known to vary according to annual volume of business. In general, the practice is the familiar manufacturer-distributor one: American buys at the manufacturers' price and sells at wholesale. Almost all of its deals pivot around this standard formula. There's one exception: On periodicals, American, like all other distributors, enjoys a 100% return privilege on most unmarketed merchandise.

• **Other Distributors**—Although American is generally considered to be the biggest magazine distributor, it is not without aggressive competition. The trade figures that American does about 30% of the total business.

Its competitors are primarily distributing organizations set up by the larger publishers to handle their own magazines. Among them: Curtis Circulation Co.; International Circulation Co. (Hearst); S-M News Co. (McCall's, Popular Science); and the circulation divisions of Fawcett and MacFadden. All of these outfits handle other publishers' magazines, too. S-M News Co., for instance, distributes Readers Digest.

American is the only distributor, however, that operates its own regional branches. That gives it a dollars-and-cents advantage over its competitors: They feed through local distributors, and must split the middleman's markup.

• **Union's Policy**—Union News is only one of its parent's customers—though it is by far the largest. Its outlets crop up in all sorts of places—from a newsstand in a branch-line bus terminal to a swank cafe in Rockefeller Center.

Everywhere, Union gives preference to products wholesaled by the parent company. For example, Union sets a top limit on the number of copies it will accept for sale of the Saturday Evening Post—because Curtis distributes its own magazines.

• **Financially Strong**—American's financial record is excellent. It has paid dividends every year since it was founded in 1864. These days the company pays

**WHAT DO YOU NEED?
— BUT QUICK!**

LOCKERS

SHELVING

SHOP EQUIPMENT

BIDE ROOM EQUIPMENT

SPECIAL CONTRACT ITEMS
TO YOUR SPECIFICATIONS

FILING CABINETS

KITCHEN CABINETS

YOUR
PRODUCT

CONTRACT PRODUCTION

YOU FURNISH the STEEL **LYON**

WILL MAKE the PRODUCT

• We can make prompt delivery on LYON Products if you will furnish us with the sheet steel. We will buy the steel from you and ship the pound-for-pound equivalent in either standard LYON Products at regular published prices (see partial list below) or special items made to your specifications.

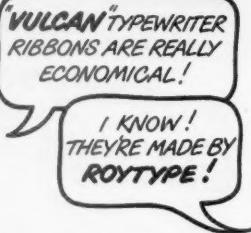
Ask your nearest LYON Dealer or LYON District Office for details of the "Customer Steel" plan.

A PARTIAL
LIST OF
LYON
PRODUCTS

LYON METAL PRODUCTS, INCORPORATED

General Offices: 210 Monroe Avenue, Aurora, Illinois
Branches and Dealers in All Principal Cities

- Shelving
- Lockers
- Wood Working Benches
- Economy Locker Racks
- Kitchen Cabinets
- Display Equipment
- Hanging Cabinets
- Welding Benches
- Filing Cabinets
- Cabinet Benches
- Folding Chairs
- Drawing Tables
- Bench Drawers
- Work Benches
- Drawer Units
- Storage Cabinets
- Shop Boxes
- Bar Racks
- Bin Units
- Conveyors
- Hopper Bins
- Parts Cases
- Tool Stands
- Service Carts
- Parts Cases
- Flat Drawer Files
- Tool Trays
- Desks
- Stools
- Sorting Files
- Ironing Tables



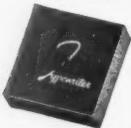
Your letters are given a finer, clearer appearance—with Vulcan typewriter ribbons.

That's because the Vulcan fabric is thinner, more sensitive—giving a truer impression of the type face!

This fabric is stronger, too—meaning greater endurance, longer service.

For appearance' sake—and for economy—supply your typists with Vulcan Ribbons!

Made by Roytype, division of Royal Typewriter Company, Inc.—world's largest manufacturer of typewriters.



THERE'S A ROYTYPE PRODUCT FOR EVERY BUSINESS MACHINE NEED!

Tells How Advertising Budgets Can Produce Greater Returns

New York, N.Y.—Ways to make advertising more effective in a buyers' market have been disclosed recently by J. M. Hickerson Inc., 10-year-old national advertising agency, located at 110 East 42nd Street, New York 17. According to this organization, there are proven techniques which motivate "qualified" prospects and result in lower marketing costs. The methods employed are based on a mail order approach to non-mail-order advertising situations. Users of these methods, it is claimed, are able to gain improved results from advertising without spending more money—in fact, frequently spending less.

To acquaint more advertisers with the details of how to utilize these techniques to make advertising more effective, the executives of J. M. Hickerson Inc. have prepared a summary of the method showing applications to various advertising programs. It may be examined, on request, by company officials directly responsible for advertising, sales or marketing decisions. There is no obligation.

a regular 25¢-a-share dividend every two months, plus a year-end extra. The extra declared in 1947 was 75¢; last year it was \$1.

In 1947, American earned \$3,852,000 (\$4.57 a share) from record net sales of more than \$168-million. In the first nine months of 1948 (all that's available so far), sales were up 7% over the same period of 1947; net was up 15%.

With the acquisition of the Savarin chain, and the other recent moves, Morrissey expects even bigger business in 1949. He has no present plans for further expansion. But, he says, you never can tell when something good will come in over the transom.

Markup Trouble

Liquor distributors ask distillers for more leeway as costs rise and sales drop. Delivery expenses mounting.

When costs go up and sales go down, someone is in for a squeeze. It may be the manufacturer, the wholesaler, or the retailer. In the liquor business, all three say they feel the pinch.

• **Wanted: More Markups**—Last week the wholesalers were yelping the loudest. They were hammering at the distillers for bigger markups. One good reason: They want to cover delivery costs, which are climbing too fast.

The department stores had the same trouble after the war. All during the war they had pared deliveries to the bone. When a truck went out it was loaded to the roof. Customers took a lot of their packages with them. This kept per-unit cost of deliveries low.

When the war ended, customers weren't so keen about carrying their purchases home themselves—or waiting until Friday for something they had bought on Tuesday. So stores went back to prewar delivery standards.

Liquor wholesalers' trucks didn't roll during the war years, either, until they were chock full. And since liquor was scarce, the wholesaler could practically dictate what the retailer got and when he would get it.

• **Shorter Orders**—Now the sellers' market in liquor is just a memory. Retailers, therefore, have become choosier. Many of them order in one-case lots. And they are buying hand-to-mouth, so they won't stock up big inventories on their shelves. Delivering the small orders takes a good chunk out of the average \$9 gross markup per case that the wholesaler has to operate on.

• **Sales Off**—The liquor wholesaler has a couple more headaches:

(1) His costs are rising at a time when liquor sales are on the down-side.

(2) Retailers, too, want larger markups, have been hounding the wholesalers on that matter lately.

On one point, though, everybody agrees: Prices can't be jacked up much higher. Another boost might cut into sales badly. Thus, higher markups can only come out of somebody's profits—and that's the real sore spot.

• **Trouble Spot**—Right now the most troubled area in distiller-distributor relations is the nation's top liquor market—New York City. Gothamites guzzle about 8% of the liquor sold in the country. Markup-hungry distributors in the other big markets are watching the New York battle closely. Distiller concessions there, they figure, will mean concessions for them, too.

• **Too Little for Too Many**—In New York, sales volume—at wholesale—dropped from \$280-million in 1946 to \$215-million in 1948. During the same period, 1,128 new retail outlets opened. So each retailer got a smaller share of a smaller total. And the wholesaler had to service more outlets—each with a smaller amount of liquor.

Meantime New York liquor wholesalers are haunted by the fact that a distiller can cut them off on 30 days' notice. Distiller Corp.-Seagrams did just that last year; it dropped its 10 New York distributors—though only briefly (BW-Dec. 11 '48, p37).

• **Concessions?**—Wholesalers perked up last month when a spokesman for the Greater New York Wholesale Liquor Dealers Assn. said that one major distiller was thinking of giving his distributors longer-term franchises. But he didn't say who the distiller was. Seagram, Schenley, and National Distillers all deny that they have such a move in mind.

FTC VS. LIQUOR PRICES

The Federal Trade Commission last week slapped a complaint on Middle Atlantic Distributors, Washington, D.C., wholesalers for Hiram Walker-Gooderham & Worts Ltd. The charge: trying to set minimum retail prices on Hiram Walker brands in an area which has no fair-trade laws.

The FTC action grew out of a rebellion by a single Washington liquor dealer, Maurice Milstone. Last year Middle Atlantic sent registered letters to its D. C. dealers. They were told they would get no more Hiram Walker if they didn't use suggested retail prices.

Milstone, who does an annual liquor business of \$2-million, reacted violently. He reproduced the letter in a full-page newspaper ad and announced: (1) He was fighting against higher liquor prices for the consumer; (2) he was dropping all Hiram Walker brands. This was all that was needed to bring the matter to FTC's attention.

H. J. Heinz Company

To Spend \$15,000,000 on Huge Building Program in Pennsylvania



New Heinz Research and Quality Control Center, one of four new buildings planned for company's headquarters in Pittsburgh.

H. J. HEINZ II, President of H. J. Heinz Company, says: "The huge expansion program in which we are engaged is an expression of our faith in the future of Pittsburgh and Pennsylvania. My grandfather had that same kind of faith when he started this business in Pittsburgh in 1869. All the factors necessary for a sound business to grow and prosper were found in Pennsylvania then, and these same factors are present here today on an even greater and broader scale. We fully intend to maintain and expand our world-wide headquarters in Pittsburgh."

Pennsylvania is a busy place these days. It's the scene of a two billion dollar industrial expansion which includes scores of "blue chip" companies like Heinz, thousands of smaller manufacturers in nearly every field, and many corporations which are moving their plants or branches to Pennsylvania for the first time.

Perhaps your company, too, could profit by a plant in Pennsylvania. We shall be glad to give you detailed information on raw materials, labor, markets, living conditions, transportation facilities, etc. Write to the Department of Commerce, Harrisburg, Pennsylvania.



In the Heart of the World's Greatest Market with over 69,000,000 People within a Radius of 500 Miles.

JAMES H. DUFF, Governor



Amazing new Dictaphone TIME-MASTER

RECORDS ON PLASTIC BELT!

THE ELECTRONIC TIME-MASTER is the neatest, most compact dictating machine that ever took a letter or trapped a thought!

In the convenience, saving of time and added accomplishment you get with a Time-Master, you're bound to step up your efficiency in getting work done. During the years it will serve you, your Time-Master actually pays for itself many times over.

And remember, no other dictating machine can match the Time-Master's combination of advantages: streamlined beauty, uniformly clear recording and reproduction, uniform, measured backspacing, easily mailable and fileable plastic belt recordings, simplicity of operation, nationwide service—and Dictaphone dependability!

You can use the Time-Master—profitably—in the office, at home, on business trips. For a demonstration, call your local Dictaphone representative or fill in the coupon below.

Dictaphone Corporation
Department F-29, 420 Lexington Ave., N.Y.C.

- Please show me the new TIME-MASTER.
 Please send TIME-MASTER literature.

Your Name _____

Company _____

Street Address _____

City & Zone _____ State _____

DICTAPHONE

Electronic Dictation

Only Dictaphone Corporation makes Dictaphone* Machines.
(*Reg. U. S. Pat. Off.)

A Week's Meat

New York butcher cuts his costs by operating entirely by mail. He sends customers three menus; they phone their choice.

Butcher-shop operators never had to worry about having meat left over during the war. But, now that there's a lot more meat around, customers are getting choosy. And butchers are finding that they have to add "meat left over" to their overhead.

• **Budget Man**—Down on New York's lower East Side, however, a self-styled "Budget Man" named Gerald Ettenberg has finished his first year of operating a meat market on a plan that eliminates leftovers. He says it also wipes out shrinkage losses and keeps butchering costs to a minimum. Last year his weekly gross sales soared from \$600 in January to somewhere between \$4,500 and \$5,000 at year's end. Ettenberg places his annual net profit at 10%.

Here's how Ettenberg operates: Every two weeks he prepares a printed menu listing three basic meat courses (Thrift, Modern, and Gourmet). These comprise a family's meat supply for a week; they can be ordered for a family of three, four, or five.

• **Schedule**—These menus are mailed to 900 regular customers who order by phone on Mondays, Tuesdays, and Wednesdays. They merely specify "Thrift menu for five" or "Gourmet for three." The fact they know what they want before they phone saves the time usually taken up by customers making up their minds (a big part of the overhead in a conventional butcher shop).

Once the week's orders are in, Ettenberg buys just enough meat to cover the orders exactly. Deliveries are made on Fridays. Delivery costs run about 30¢ to 35¢ per order, but Ettenberg figures that savings elsewhere more than cancel these out. And since all transactions are C.O.D., he has no credit problem.

Ettenberg's "Thrift Menu" is the most economical. It costs from \$6.50 for a family of three to \$10.80 for a family of five. A typical menu might include 2½ lb. of trimmed loin of pork; three 4-lb. slices of trimmed swiss steak; a 3½-lb. milk-fed roasting chicken; and 1 lb. of sliced beef liver.

• **Genesis**—Ettenberg got the idea for his unique business while in the hotel-and restaurant-supply business. Friends continually asked him to buy them "nice steaks." And since they were always satisfied with his choice, he reasoned that other consumers might be equally satisfied to have their meats picked out for them. Thus far, Ettenberg has been right.

To a MEAT PACKER who markets a variety of canned meats

NEXT to the quality of the meats you pack there is nothing more vital to your business than a dependable supply of high quality cans.

That is why it is sound business for you to check with Continental.

We're big enough* and flexible enough to keep your supply of cans flowing smoothly and reliably. We have the progressive research and engineering staffs to give a meat packer the kind of service he must have.

Not only do we manufacture a full line of cans—in all shapes and sizes—but we are always ready to develop new containers.

Each Continental can is tops in its field—fills fast, closes easily and tightly, and helps sell your product through attractive, true-color lithography. Continental lithographers are perfectionists when it comes to making each can a star salesman for your product.

Above all, Continental is a *service* organization—ready, willing and anxious at all times to please our customers.



TO EVERYBODY WHO EATS: You can't beat canned meats for appetizing goodness, food value, convenience and economy. Today America's meat packers offer you over 40 varieties of meats and scores of meat dishes in cans . . . all packed under the supervision of the U. S. Department of Agriculture.

CONTINENTAL CAN COMPANY

100 East 42nd Street

New York City 17, N. Y.

*MAKERS OF: Tin Cans • Fibre Drums • Paper Containers • Steel Containers • Plastic Products • Crown Caps and Cork Products • Decoware • Machinery and Equipment

FINANCE

Corporate Profits: Another New Record

Total net hit \$20½-billion in 1948. But picture was spotty; many lines began to feel pinch of rising costs and slower sales.

"Unless something goes seriously wrong in the next five months, U. S. corporations will probably clear a cool \$20-billion net profit."

• **On the Nose**—That was BUSINESS WEEK's prediction of 1948 corporate earnings last summer (BW—Jul. 31 '48, p19). It was a correct appraisal of the situation.

Profits after taxes in 1948, most statisticians now agree, added up to around a dazzling \$20.5-billion. That's (1) almost \$2.5-billion higher than the previous earnings peak, chalked up in 1947; (2) over four times the 1939 total; (3) close to two-and-a-half times storied 1929's showing.

• **Caution**—Nonetheless, the overall profits picture last year wasn't one to inspire complacency. Early reports (table) indicate that perhaps as many as one out of every three companies saw its net last year drop below 1947's level.

For one thing, capital expenditures provided much of the zip behind last year's business boom. As a result, the steam behind the zoom in over-all 1948 corporate profits was provided largely by the hard-goods producers.

That's not to say that 1948 was entirely profitless for other trades. But it's a fact that, by and large, their earnings were not nearly so good.

• **Dark Spots**—Many consumer goods companies found themselves operating in buyers' markets again, once more dependent on the acumen of their sales forces for business.

Another dark spot in the 1948 picture was the continued rise in operating expenses—even though their rate of expansion in many trades was slower than in earlier postwar years. In the main, only those whose sales were still rising were able satisfactorily to overcome raw-material, labor, sales, and overhead costs.

• **Breakeven Points**—Many companies learned to their sorrow how vulnerable high profit margins could prove, once sales began to level off or to drop even slightly. Breakeven points appear finally to have reached a point where even a moderate drop in sales (unless costs are sharply reduced) can inflict a lot of damage on earnings.

For many companies, 1948 also saw

	All Figures in Thousands (000 omitted)						
	1929	1947	1948	Sales	Profits	Sales	Profits
Air Reduction.....	\$21,802	\$5,973	\$85,516	\$5,702	\$94,856	\$6,458	
American Box Board(2)....	NA	NA	12,207	1,744	14,771	1,583	
Armour & Co.(1)....	900,000	9,811	1,956,490	30,908	1,991,434	*D1,965	
Bayuk Cigars, Inc.	NA	1,316	36,300	2,329	NA	1,887	
Bendix Aviation.....	NA	7,416	141,626	*5,249	162,496	11,281	
Bethlehem Steel.....	342,516	42,242	1,032,337	51,088	1,312,556	90,348	
Canada Dry Ginger Ale(4)....	A10,625	A2,835	45,106	2,702	50,192	2,701	
Caterpillar Tractor.....	51,812	11,600	189,120	9,957	218,038	13,773	
Celotex Corp.(1)....	10,318	1,479	46,872	6,228	54,190	6,785	
Chain Belt Co.(1)....	NA	845	24,337	2,604	28,780	3,042	
Continental Baking.....	NA	6,709	150,285	5,552	161,239	7,673	
Deere & Co.(1)....	NA	15,182	212,015	**16,364	309,737	**27,682	
Firestone Tire & Rubber(1)....	144,586	7,695	638,447	26,978	633,858	27,674	
Gref Bros. Cooperage.....	NA	421	31,731	2,024	28,505	1,277	
Hercules Powder.....	29,314	4,188	131,270	12,934	129,267	10,947	
Inland Steel.....	68,585	11,712	316,339	29,889	394,713	38,607	
Int'l. Harvester.....	NA	36,780	741,252	48,469	945,486	55,679	
Int'l. Shoe(2)....	132,110	17,031	212,918	14,002	219,805	13,820	
Jones & Laughlin Steel....	NA	20,849	350,132	19,225	446,057	31,222	
Lee Rubber & Tire	10,587	602	37,198	2,402	35,702	1,997	
Liggett & Myers Tob.....	NA	22,017	513,771	22,901	556,507	29,261	
Liquid Carbonic(4)....	12,730	1,904	40,719	2,003	51,515	2,748	
Loew's, Inc.(3)....	108,312	10,896	183,949	10,533	185,816	4,212	
Luken's Steel(1)....	20,354	877	52,773	2,836	61,461	2,412	
Mathiesen Chem.....	NA	2,324	24,630	2,931	31,935	4,823	
Minn.-Moline Impl.(1)....	17,252	1,962	51,229	4,709	73,213	6,416	
Minn. Min. & Mfg.....	NA	1,367	93,400	10,668	†108,000	†12,500	
Mooresville Mills.....	NA	NA	13,027	1,475	14,371	724	
John Morrell.....	94,661	3,436	286,072	3,254	296,123	3,046	
Mullins Mfg.....	NA	477	37,631	4,795	47,415	6,418	
Nash-Kelvinator(4)....	NA	19,235	250,263	18,098	302,860	20,133	
Nat'l. Tank(1)....	NA	NA	11,540	1,358	17,996	2,503	
Phillips-Jones(2)....	10,433	419	22,057	1,418	NA	1,004	
R. J. Reynolds Tobacco....	NA	32,211	708,494	32,132	715,813	34,617	
Rice-Stix D. G. Co.(2)....	NA	1,040	56,485	2,710	56,174	2,262	
Servel, Inc.....	14,421	D600	59,550	2,338	71,071	5,436	
Sharp & Dohme.....	NA	1,683	30,307	3,290	35,211	4,096	
Spencer Kellogg & Sons(3)....	NA	1,298	141,520	12,371	157,549	6,934	
John B. Setston(1)....	15,334	1,671	29,336	955	28,088	756	
J. P. Stevens & Co.(1)....	NA	224,272	**29,359	287,258	**32,484		
Swift & Co.(1)....	1,000,000	13,077	2,248,767	**33,769	2,361,114	**27,147	
U. S. Leather(1)....	NA	D3,709	32,443	1,600	26,365	503	
U. S. Pipe & Foundry.....	NA	2,581	32,840	4,187	NA	5,663	
U. S. Steel.....	1,493,505	197,592	2,122,786	††127,098	2,481,368	††129,552	
Ward Baking.....	NA	3,124	80,548	2,531	86,073	2,685	
Wamsutta Mills.....	4,775	82	9,742	937	8,211	258	
Warner Bros. Pictures(3)....	NA	14,514	164,643	22,094	147,057	11,837	
W. Va. Pulp & Paper.....	NA	4,750	85,989	10,935	93,243	10,842	
Wheeling Steel.....	84,687	8,006	131,721	12,445	155,000	15,050	
Willys-Overland(4)....	159,810	515	138,124	3,281	175,346	6,529	

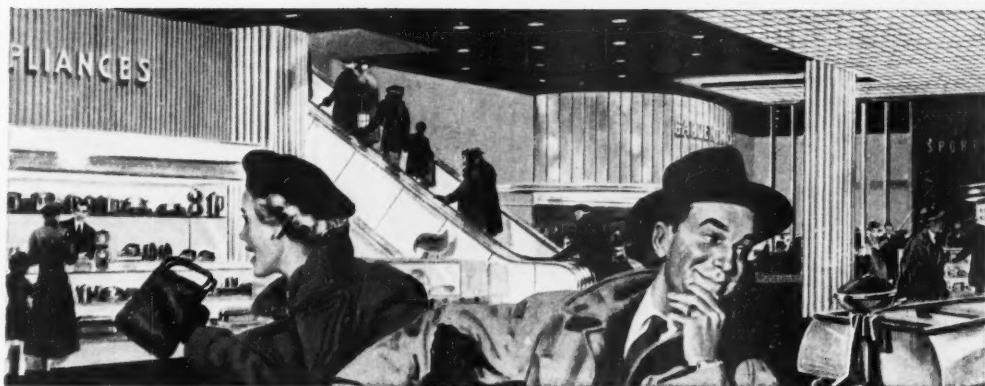
Note: All figures cover fiscal years ending Dec. 31 except for (1) which end Oct. 31; (2) end Nov. 30; (3) Aug. 31; (4) Sept. 30. NA Not available. *Includes extraordinary credits. **Before special reserves and credits.

†Company estimate. ††After extraordinary charges against operating profit.
A Jan.-Sept. B Jan.-Nov.

Everyone is attracted...



to stores that are modernized...



with bright, long-lasting *Kaiser Aluminum*

It's not just the merchandise that attracts customers to this store. There's as much come-on in the gleaming aluminum front and handsome aluminum awning.

That's why so many dollar-smart merchants are modernizing with Kaiser Aluminum! They know it gives their stores new, striking beauty . . . *lasting* beauty that will not fade. And they know their maintenance and upkeep problems are practically eliminated.

Inside, Kaiser Aluminum brightens this store, too! The escalator, the grid ceiling, showcases, shelving, lighting fixtures—all boast lasting good looks, plus strength and lightness.

Because of these advantages, aluminum has replaced other materials in industry after industry, with more than one thousand manufacturers consistently using Kaiser Aluminum!

Permanente Metals

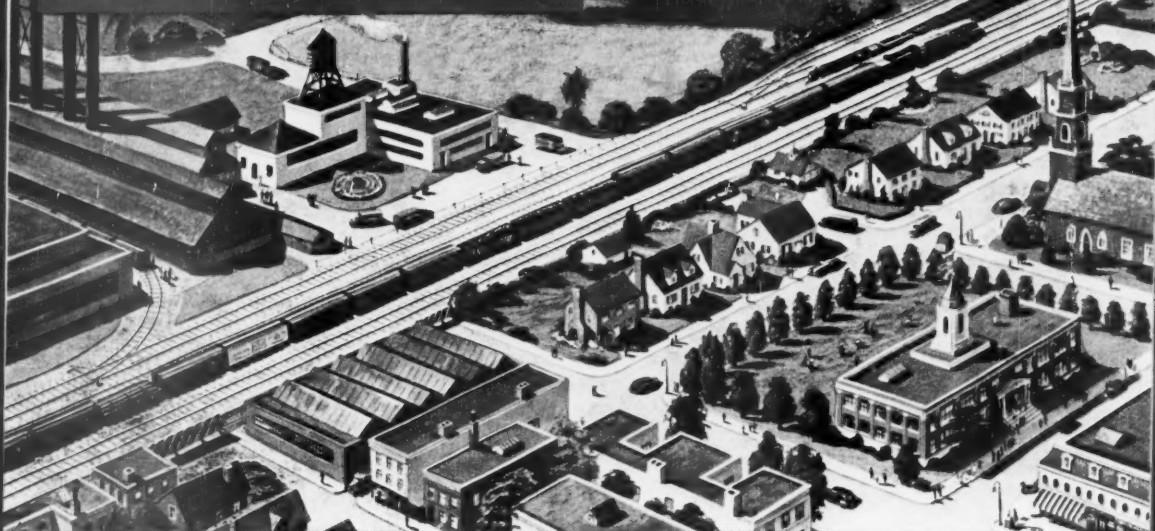
PRODUCERS OF

Kaiser Aluminum

PERMANENTE PRODUCTS COMPANY, 305 KAISER BUILDING, OAKLAND 12, CALIF.

A major producer in a growing industry

**3000 COMMUNITIES
ON THE
PENNSYLVANIA RAILROAD
OFFER A CHOICE OF
PLANT LOCATIONS**



• A plant located in any of the more than 3,000 communities on the Pennsylvania Railroad has many advantages—

• Favorable taxes, plenty of good labor and an abundance of natural resources.

• Best rail transportation—2,700 freight trains; 1,100 passenger trains daily. Shortest East-West rail route.

• Best service to Atlantic and Great Lakes ports. Quick access to major highways. Direct access to 9 of the nation's 11 biggest cities.

• Along the lines of the Pennsylvania R.R. are many fine plant locations which meet all the National Security Resources Board recommendations for dispersal of industry. Plant locations close to quantity and quality markets, yet outside of congested industrial areas for safety in event of atomic attack.

PENNSYLVANIA RAILROAD
Serving the Nation

FOR DATA ON AVAILABLE BUILDINGS AND SITES CONSULT THE FOLLOWING PENNSYLVANIA RAILROAD INDUSTRIAL AGENTS:

NEW YORK • A. A. METZ PITTSBURGH • J. V. DAVIS CHICAGO • C. D. WILKINS PHILADELPHIA • B. K. WIMER INDIANAPOLIS • A. J. VONK
Pennsylvania Station Pennsylvania Station Union Station Pennsylvania Station—30th Street Union Station

H. C. MILLMAN, Broad St. Station Bldg., PHILADELPHIA

the revival of an unfavorable factor that business hasn't had to cope with since before the war: inventory losses resulting from the easing off of commodity prices (BW-Jan.22'49,p21).

• **Necessity**—There's one thing that a lot of people forget when they talk about recent record-breaking profits: Many companies must show higher earnings than they did before the war because of the sharp rise in their capitalization, funded debt, and/or bank loans (BW-May'48,p94).

Take R. J. Reynolds Tobacco Co. as an extreme example: At the end of 1929, its total capitalization was only \$100-million, in common and preferred stock. It had no bank loans or funded debt. Today, however, its capitalization stands at \$175-million. In addition, it has outstanding some \$227-million in bonds and notes. Yet its earnings last year were only \$34.6-million; in 1929 they were \$32.2-million.

• **On Top**—The two leaders of 1948's corporate-profits hit parade (although neither has yet published its official statement) were undoubtedly General Motors Corp. and Standard Oil Co. (N.J.).

General Motors (according to the estimate of some smart Wall Streeters who are often uncannily good with their profit guesses) probably earned over \$430-million in 1948. That compares with \$288-million in 1947, \$248-million in 1929.

President Eugene Holman of Standard reported several weeks before the year-end that he expected to rack up a 1948 net of around \$390-million—as against \$269-million the year before and only \$121-million in 1929.

• **Records in Steel**—Among companies that reported early on 1948 profits, however, the kingpins were the nation's two leading steel producers: U. S. Steel and Bethlehem. Traditionally, the final week of January is "steel week" in Wall Street. The 1948 preliminary earnings statements of the two big boys were delivered promptly last week; so were equally sensational earnings reports from some of the trade's smaller units.

Despite the deduction of some \$55.3-million of "accelerated depreciation," Big Steel's 1948 net added up to \$129.5-million. That compares with \$127.1-million in 1947, when such charges came to \$26.3-million. The company's sales zoomed \$360-million, or 17%, above 1947's record-breaking level, to almost \$2.5-billion.

Bessie's 1948 showing was equally impressive. Both gross and net reached new peaks. Sales, at \$1.3-billion, were 27% above 1947. And net profits rocketed a dizzy 75% above the previous year's figure, to over \$90-million.

Even more breath-taking, however, was the showing of the two steel giants in the last quarter of 1948. In that per-

iod, both showed earnings at a \$16 annual rate on their common stock. For the full year, U. S. reported \$11.99 a share; Bethlehem, \$9.36.

• **Other Good Industries**—Many other impressive performances are expected to be reported soon by companies in steel, oil, and autos. Many leaders in the oil industry, for instance, are expected to show earnings per common share as much as 33% to 125% higher than in 1947. Among the auto manufacturers, Chrysler is expected to show a per-share net of around \$9.50 vs. \$7.72 in 1947; Studebaker, about \$8 compared with \$3.85 in 1947 and only 40¢ in 1946. Similar good showings were made by companies in several other trades. Among them: farm equipment, building supplies, chemicals, baking, machinery, nonferrous metals.

• **On the Dark Side**—But in an even wider group of industries, the 1948 picture was a different, not-so-pretty one. This group includes: typewriters, soft drinks, motion pictures, shipping, grain processing, vegetable oils, textiles, glass containers, paper containers, copper fabricating, magazine publishing, road-construction machinery.

And even in some of the booming industries, some individual companies felt the chill winds of declining profits. The pulp-and-paper industry is one example; the truck segment of auto manufacturing is another.

Nowhere, however, do earnings seem to have nosedived to "dangerous levels." Even where they appear to have been slapped down hard, most profits have remained well above prewar levels.

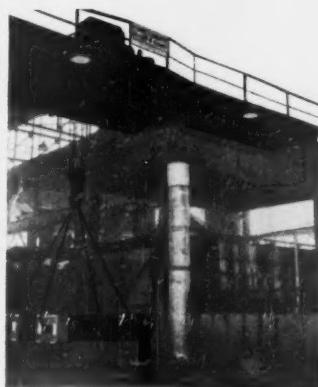
But even this fact must be viewed in its proper perspective—that of rising costs, rising break-even points, rising capitalization and debt.

• **1949?**—What's the outlook for profits in the year ahead? That's the \$64-question that most businessmen would like to have answered. And, unfortunately, it's still simply too early to tell.

For, as BUSINESS WEEK said last week (BW-Jan.29'49,p21): "The business boom is in the midst of a showdown. Within the next few months it will have to demonstrate whether or not it can shift from an inflationary expansion to a more or less stable prosperity without falling on its face."

• **Experts Disagree**—Even within the booming steel industry itself, two of the top men can't agree on the outlook. Last week Irving S. Olds, Big Steel's chairman, reported: "There has been little letup—almost no letup—in demand for steel. I look for continued high demand for some time to come." In contrast, Eugene G. Grace, Bessie's chairman, said, also last week: "There has been a softening in the demand for steel in many lines . . . There is nothing like the pressure on us for deliveries that there was."

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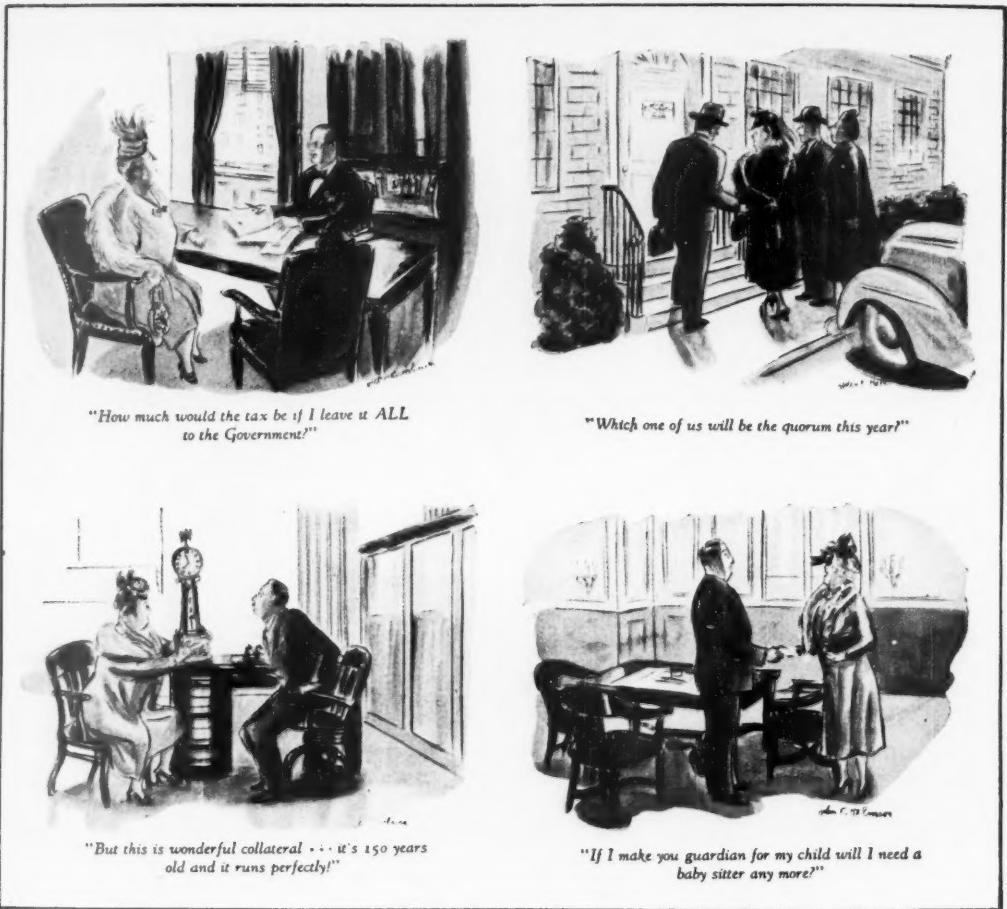
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Cartoons Enliven Staid Bank's Annual Report

Last week stockholders, customers, and employees of Philadelphia's old, stiff-collared Girard Trust Co. were getting copies of the bank's 112th annual report. If they were surprised at its modern, soft-collared look they had every reason to be. Not only was the report done up in snappy, attractive format, with a series of color charts; it was generously sprinkled with cartoons like those above. Even more surprising, the cartoons poke gentle fun at a segment of Philadelphia's population which is Girard's backbone in trade: elderly, unbusinesslike ladies from Chestnut Hill and the Main Line.

The bank's advertising board hit upon the idea for such a series of cartoons last summer when it was searching for new ideas for the report. The name of Helen Hokinson, whose clubwomen cartoons in the *New Yorker* magazine are na-

tionally famous, came immediately to mind. The board promptly commissioned her to do the project. It furnished her with the ideas for the gags, even had a local artist do sketches for the backgrounds so that the props would have an authentic Girard look.

• **Ten-Year Resume**—In its broader aspect, the report is a valedictory of James E. Gowen, who ended a 10-year term as president in December. Gowen became chairman as Geoffrey S. Smith, a 47-year-old Philadelphia lawyer, took over as president.

In Gowen's 10 years, the bank had really stepped along. Its assets had doubled—from \$122.5-million at the end of 1938, to \$231.4-million at the end of 1948. And its deposits climbed from \$107-million to \$208.1-million. (Once an average Philadelphian wouldn't have dreamed of walking into

the bank and asking to become a depositor; now Girard boasts of no minimum balance requirements for all of its checking accounts.)

The bank's loan business soared, too. In 1938, Girard's commercial loans came to a scant \$1.2-million; last year they totaled \$25.2-million. And personal loans, which the bank didn't handle 10 years ago, came to \$5.7-million last year. As a result of its varied activities, the bank's net operating income for 1948 was \$4.60 a share.

• **On Its Own**—To the bank's original founders, last year's business would seem astronomical indeed. The bank first opened its doors in 1836, with a staff of three. Its steady growth has been entirely on its own; it never bought out or merged with another institution. And today it still clings to the tradition of no branch offices.

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Graham Patterson, President



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BANK & TRUST COMPANY

Pittsburgh 30, Pa.

MEMBER F.D.I.C.

New Fire Insurer

Mutual group that deals only in high-grade risks forms stock company to handle clients' lower-grade business.

Coverage of high-grade, low-risk properties is a very special part of the fire-insurance business. General underwriters have always faced stiff competition in this field from insurers who deal only in low-risk policies.

Now one such specialty group—Associated Factory Mutual Fire Insurance Companies, of Providence—is expanding the field in which it competes with conventional companies. It has just formed a participating stock company, to handle those risks of its established customers that don't meet the parent mutual companies' high standards. Stock in the new \$2-million concern is owned by nine member companies of the mutual group.

- **Growth**—Last week, Factory Mutual announced that its companies' total insurance in force had more than tripled in the past decade—from about \$9.7-billion at the end of 1938 to \$30.2-billion last Dec. 31. Executives of the group admit that part of this jump is due to the general rise in insurable values caused by inflation. But they say that another, perhaps even more important reason is their unusual way of doing business.

Like the Associated Reciprocal Exchanges (BW-Jul.3'48,p28), the Factory Mutuals concentrate on high-grade risks. And they have an inspection service to hold down losses. (High-grade risks are properties that are well protected by sprinklers or favored by other special conditions. Thus, they are entitled to low insurance rates.)

- **Low Cost**—Factory Mutual policy holders pay "premium deposits" averaging about 4¢ a year per \$100 of insurance in force. But they get back about 90% of this at the end of the year. So the actual annual premium cost runs only about 4¢ per \$100.

BANKS PAY STATE EMPLOYEES

The legend is that ice water flows in the veins of bank presidents. Arizona bankers last week proved that in their case it is only a legend. Here is what happened:

There had been a hitch in legislative confirmation of appointments to the new civil service board. As a result, the state government was on the point of defaulting its \$1-million semimonthly payroll.

Walter R. Bimson, president of the Valley National Bank, jumped into the breach. To prevent a payless payday

for state employees, he volunteered to advance the money to them in cashier's checks until the legislative hitch untangled. The money went out from Valley National's 27 branch banks in all the principal cities of Arizona.

Two other banks followed Valley's lead: the Bank of Douglas and the First National of Arizona. The banks made no charge for the service.

FINANCE BRIEFS

Columbia Gas System will pay for its current construction program by offering \$20-million in new 25-year debentures at competitive bidding.

Detroit Edison has permission: (1) to up residential rates 16%; (2) to reduce from 10% to 3% the discount for prompt payment of bills. The order will raise revenues some \$13-million annually.

Michigan taxes are going up. The state needs \$61-million more to cover expenditures. So residents may soon pay their first state income tax, plus increases in gasoline and commercial-vehicle taxes as well.

Standard Oil Co. (N.J.) has borrowed \$75-million on 30-year unsecured notes from an insurance-company group. It costs Standard only 2.95% net a year.

B. F. Goodrich denies a current Wall Street rumor that it is contemplating a stock split-up.

Louisiana's \$50-million bonus issue for World War II veterans (BW-Jan.29 '49,p69) is only part of the story. Still outstanding are some remnants of bonds issued many years ago to pay off Confederate veterans. They will fall due in a few years.

Oil industry will do considerably more financing this year than last, according to a Chase Bank survey. Its new money needs last year exceeded \$1.1-billion; only \$113-million of this was acquired by sale of new stock. Of the money borrowed, 56% was supplied by insurance companies.

New Hampshire may face a \$6.4-million biennial deficit if its proposed gross income tax is declared unconstitutional. So it's considering a combination sales and income tax.

Gambling taxes netted Nevada more than \$1-million last year. The state's 1947 law imposes a 2% tax on gross gambling incomes, a sliding tax based on the number of tables operated.



Worcester Wire Works Division, National-Standard Company

Storehouse of Knowledge on what makes wire do what

EVER stop to think that steel wire is one of the most versatile of materials? For example, its strength, flexibility, hardness, finish and other qualities can be varied greatly, can be combined in infinite variation to afford ideal behavior for countless exacting jobs.

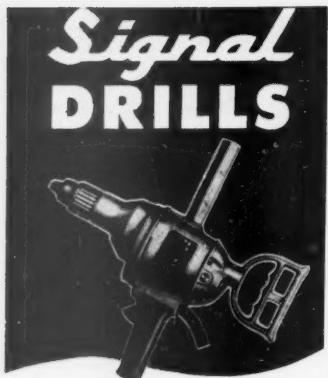
Learning *how* to do this successfully, then *doing it*, is one of the things that distinguishes the Worcester Wire Works of National-Standard. Here there's a concentration of 30 years' experience in producing fine, special-purpose wire—wire of many types you'll never find on "warehouse shelves".

If you produce springs or other wire items, if you use round or flat wire in *any* form in your products, perhaps our unusual development service and special processing techniques can save or make money for you. Why not find out? As always, we welcome the chance to be of help.



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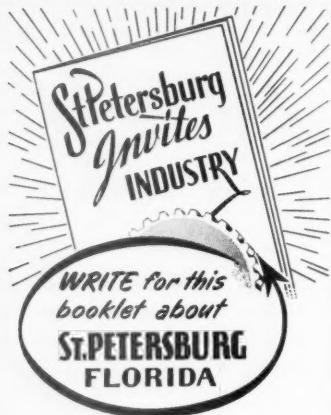
ATHENIA STEEL..	Clifton, N. J.	Flat, High Carbon, Cold Rolled Spring Steel
NATIONAL-STANDARD..	Niles, Mich.	Tire Wire, Fabricated Braids and Tape
WAGNER LITHO MACHINERY..	Jersey City, N. J.	Lithographing and Special Machinery
WORCESTER WIRE WORKS..	Worcester, Mass.	Round Steel Wire, Small Sizes



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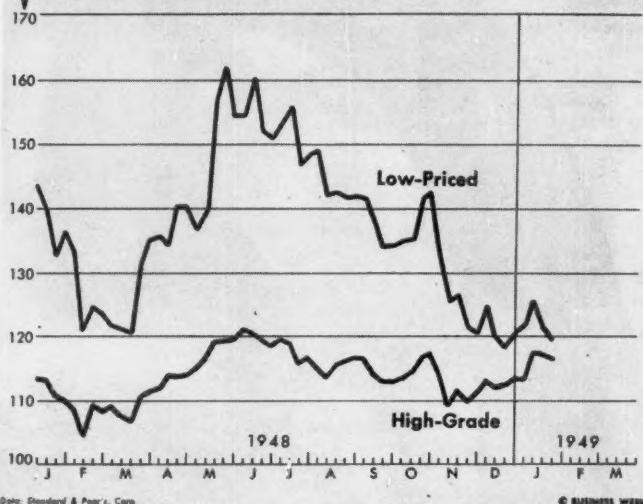
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THE MARKETS

Common Stocks (price averages, 1935-39=100)



Investors Control the Market

Speculators play only a secondary role today. And investors trade only when the longterm outlook changes. That's one reason for the dull spots in the movement of the stock averages.

If you are trying to make sense out of today's stock market, you have to look at it from the standpoint of the investor, not the speculator. The typical Wall Street operator isn't a plunger any more. He's a belt-and-suspenders man who will pass up a capital gain for a protected income any day in the week.

• **Comparison**—You can see the difference between the investor and the speculator if you take a look at the way different kinds of stocks have acted in the past year or so. As a measure of investor sentiment, take Standard & Poor's index

of high-grade commons. And for the speculators, take the S. & P. index of low-priced commons. (Not all low-priced stocks are cats and dogs, of course, but the identification is close enough to serve the purpose.)

The high-grade stocks inched along almost horizontally all through 1948. At the beginning of the year, the index was 113.9. And in the final week it was right back at the same point. The highest it ever got was 121.4 at the peak of the June rally; the lowest was 105.3, during the February break.

Low-priced shares lost ground during the year. They started at 143.7, got up to 162.3, and then started sliding. At present they are down in the neighborhood of 120.

In a sense, all that this proves is that good stocks are good and risky stocks are risky. But it also suggests that the market these days is less and less willing to take a chance. Money is shifting from the risky issues to the comparative safety of the high-grades—or out of the market entirely into bonds or cash.

• **Explanation**—The predominance of investor thinking over speculator thinking helps explain the market's long, dull

Security Price Averages

	This Week	Week Ago	Month Ago	Year Ago
Stocks				
Industrial	151.3	151.1	148.6	143.4
Railroad	42.5	43.3	42.3	43.3
Utility	69.6	69.4	66.6	67.7
Bonds				
Industrial	96.8	97.0	94.8	94.2
Railroad	87.6	87.6	85.0	82.5
Utility	94.0	93.8	93.7	95.7

Data: Standard & Poor's Corp.

sojourn in its present trading range. When speculators are active, they keep a market moving. If they can't find stocks that will go up, they start looking for weak spots on the downside. When a move starts, they keep it going for a while.

But investors sit tight and wait for a change in the longterm outlook. In an investors' market, the moves are sudden and abrupt, and there is no follow-through. Between moves, the averages just drift.

• **All Eyes on Congress**—In today's market, traders are waiting to see what Congress will do with President Truman's program. And, apparently, no amount of other news—good or bad—rates so much as a raised eyebrow. Big Steel's stock split and extra dividend

started a flurry in its stock. But the rest of the list paid no attention. Russia's peace feelers this week (page 95) likewise failed to make a ripple.

This stony indifference is beginning to get on the nerves of even the most optimistic bulls. They say unhappily that the Street has had more than its share of good news lately—and has paid no attention to it. Sooner or later there is bound to be some bad news. And that could touch off a break.

• **Not Necessarily**—But when the bad news comes, the chances are that investor psychology will steady the market on the downside just as it has checked it on the upside. The investor worries a lot. But he doesn't often panic. As long as he sets the pace, it is likely to be a slow one—in either direction.

1948 Dividends: Biggest on Record

Dividends, like corporate earnings (page 74), last year rocketed to the highest total on record. Publicly reported cash payments to stockholders came to almost \$6.1 billion, according to the Dept. of Commerce. That's 14% higher than 1947; about 56% above 1945.

Holders of common stocks, of course, benefited most. For example, the New York Stock Exchange reports that dividends on common issues listed on the "Big

Board were almost 70% above 1945. They were well distributed, too. As the table shows, 883, or 90% of all the listed commons, were dividend payers last year, compared with only 746 back in 1945.

Most stockholders, however, still seem to be receiving a rather meager share of record-breaking corporate earnings. Despite the sharp rise in dividend totals, it is estimated that less than 40% of 1948 profits found their way into stockholders' pockets.

Industry	Number of Issues	Dividend		Dividend Results			Approx. Amount of Dividends (000 omitted)	% Change 1948 vs. 1947
		1947	1948	Higher	Same	Reduced		
Aircraft	13	9	10	8	2	2	\$14,356	+38,143 +165.7%
Amusement	21	18	17	5	5	8	60,413	+52,459 +13.2
Automotive	66	55	57	38	6	14	233,506	+336,602 +44.2
Building	26	24	25	24	1	0	43,930	+61,035 +38.9
Business, office equip.	10	9	9	6	3	0	27,490	+31,963 +16.3
Chemical	76	73	71	30	21	22	376,837	+410,407 +8.9
Electrical equip.	19	19	19	7	9	3	86,401	+90,101 +4.3
Farm machinery	7	5	5	4	1	0	29,818	+40,421 +35.6
Financial	30	30	30	20	7	3	67,782	+75,119 +10.8
Food	66	63	64	29	17	18	201,148	+220,405 +9.6
Garment mfrs.	6	6	6	1	4	1	4,126	+4,187 +1.5
Land, realty, hotels	6	4	5	2	3	0	4,379	+5,458 +24.6
Leather, shoe mfrs.	11	10	10	7	1	3	17,212	+20,467 +19.0
Machinery, metals	98	91	96	60	23	14	128,516	+163,614 +27.3
Mining	36	30	32	17	11	4	145,947	+173,219 +18.7
Paper, publishing	33	31	31	20	6	6	58,450	+73,282 +25.4
Petroleum	42	41	42	36	2	4	431,925	+479,531 +11.0
Railroad	82	50	59	27	28	4	191,656	+230,699 +20.4
Retail merchandising	71	66	65	24	29	14	224,868	+249,246 +10.8
Rubber	10	10	9	4	4	2	34,086	+36,386 +8.1
Shipbuilding	5	5	5	2	2	1	5,031	+5,717 +13.6
Ship operating	6	6	5	2	2	2	9,726	+10,065 +3.5
Steel, iron, coke	39	35	35	26	6	4	141,833	+161,883 +14.1
Textile	37	37	37	27	6	4	76,767	+96,785 +26.1
Tobacco	17	16	16	6	8	2	68,185	+72,862 +6.9
Trans. services	4	3	2	1	0	2	1,353	+1,177 -13.0
Utilities	73	62	63	26	29	10	415,790	+457,099 +9.9
U.S. firm's oper. abroad	24	18	18	10	1	8	64,396	+73,627 +14.3
Foreign companies	16	15	14	6	5	4	78,220	+85,000 +8.7
Other companies	36	28	26	16	7	5	38,923	+48,577 +24.8
Total	986	869	883	491	249	*164	\$3,283,070	\$3,806,015 +15.9%

* Payments were cut on 143 issues, eliminated, or deferred on 21 issues.



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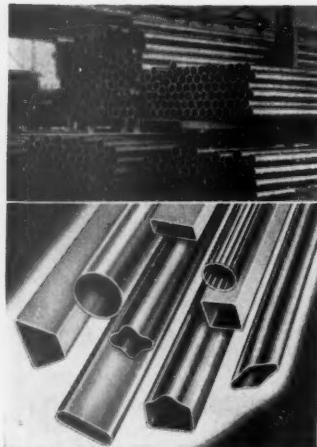
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LABOR



ADMINISTRATOR W. R. McComb of the Wage-Hour Division did the planning for . . .

Raising Minimum Wages

The Administration strategy is to up minimums first. Then it will try to revise the act to widen the coverage, tighten child-labor provisions, give Labor Dept. control.

The legal minimum wage is going to be raised this year. There is no doubt about that. Only one question now remains: How far will this Democratic-controlled Congress actually go in changing the wage-hour act?

The Administration would like to go down the line with labor, just as it is trying to do in revising the Taft-Hartley act (page 19). But in both instances President Truman wants more than Congress is likely to give.

• **Double-Barreled**—Changing the wage-hour act involves two problems: (1) lifting the minimum wage floor; (2) widening the original 1938 law so that it covers millions of workers now left out in the cold. Trouble is, every attempt to raise the current 40¢ level has always bogged down over the issue of extending the coverage.

Democratic leaders don't want that to happen this time. Their strategy: get quick action on raising the minimum now, take up general revision of the act later in the session. As usual, there is bound to be a lot of maneuvering and debate over general revision.

• **What's in Store**—You can see why by a glance at the "committee print" of

the revision bill. This was the basis of the hearings just finished by the House Labor Committee. Chairman John Lesinski says that it was something "thrown together" to hold hearings on. But actually it is much more significant than that: Secretary of Labor Maurice Tobin admitted in committee testimony that it was written by Labor Dept. attorneys.

The bill also contains many of the changes suggested by Wage-Hour Administrator William R. McComb in his annual report. McComb is even willing to go along with a change he didn't recommend: taking away the independent status of his Wage-Hour Division, putting it into the Labor Dept.

• **Up to \$1**—The bill would raise the minimum wage to 75¢ an hour. And it would work toward an eventual goal of \$1 an hour.

This would be accomplished by joint industry-labor-public committees set up in each industry. They could recommend "the highest minimum wage rates for the industry which . . . will not substantially curtail employment in the industry." Their recommendations would go to the Secretary of Labor, who

could approve minimum rates above the 75¢ floor, up to \$1.

• **Original Procedure**—This follows a procedure followed in the original 1938 bill. It set a 25¢ floor, gave joint committees the right to recommend increases up to 40¢. In 1944, the 40¢ level became mandatory for everyone, under the terms of the original act.

The committee would also be empowered to recommend that a minimum be scaled downward toward 75¢. But they could only do this to "prevent a substantial curtailment of employment in the industry due to a general recession in the business activity."

• **Major Changes**—There are enough major changes in the law, besides raising the wage floor, to stir opposition. These objections, coming from both Republican and Democratic committee members, are not strong enough to block ultimate changes in the law. But they can be effective in killing or amending some of the provisions of the proposed bill.

These would:

• Permit the Secretary of Labor to make binding rulings, and to file court suits for back wages due employees.

• Increase the statute of limitations to four years. Under the portal-to-portal act of 1947, it was reduced to two years.

• Meet the "overtime on overtime" problem by specifying that most premium payments are not to be considered part of the "regular rate" on which overtime must be paid (BW—Dec. 8 '48, p112).

• Extend the law to most businesses by making it apply to "all activities affecting commerce." Currently it only covers industries engaged in, or producing goods for, commerce. It would also tighten up: (1) present exemption of some food processors; (2) overtime privileges allowed in seasonal industries.

• Make the penalty for using child labor in any covered industry more severe. But minimum ages would remain the same: 16 in most cases, 18 in hazardous industries.

• **Equivalent to 40¢**—In testifying before the House committee, Secretary Tobin said that on a basis of purchasing power the proposed 75¢ hourly wage roughly equals the 40¢ minimum set in 1938. He figured that some 1.5-million workers now covered would get raises if the 75¢ minimum goes through. (Most of them are now earning more than 60¢ an hour.)

Tobin said that the hike would increase the nation's wage bill less than 1%. But he didn't include in this estimate the amount industry, in order to maintain wage differentials, would have to pay to people earning more than 75¢. Nor did he include the increases that would be required if the law is extended, as proposed, to cover 5-million more workers.

The advertisement features a central title "SPECIAL TAPES FOR SPECIAL JOBS!" in large, bold, sans-serif letters. Below the title are six circular images, each illustrating a specific use for a type of tape:

- #150 PROTECTS BAKED ENAMEL FINISH WITHOUT STAINING (Image shows a hand holding a painted surface)
- #200 SELLS HEATING PIPES (Image shows a coiled pipe)
- #263 and #281 HELP MAKE FLEXIBLE DUCT CONNECTOR (Image shows a flexible duct)
- #214 PREVENTS INK LEAKAGE IN SILK SCREEN PRINTING (Image shows a hand operating a printing press)
- #113 HOLDS TILE PIPE AGAINST PRESSURE OF BACKFILL (Image shows a roll of tape)
- #151 PROTECTS HANDS FROM INDUSTRIAL CUTS AND SCRATCHES (Image shows a hand)
- #101 and #263 HELP JET ASSISTED TAKE-OFFS (JATO) (Image shows an airplane)

We Have the Tape for YOUR Job

(Or if we don't, we'll make it!) Bauer & Black Industrial Adhesive Tapes save money every day for hundreds of industries. Through cutting production costs, saving labor and materials, these "Specific Tapes for Specific Uses" have helped make better products—from refrigerators to electric motors, from airplanes to crude oil. Actual savings with tape range from 5 to 85% over conventional materials, depending on the application. Whatever your product, Industrial Adhesive Tapes may improve it, save you money, speed production. Write Dept. 7-2 today for our free catalog.

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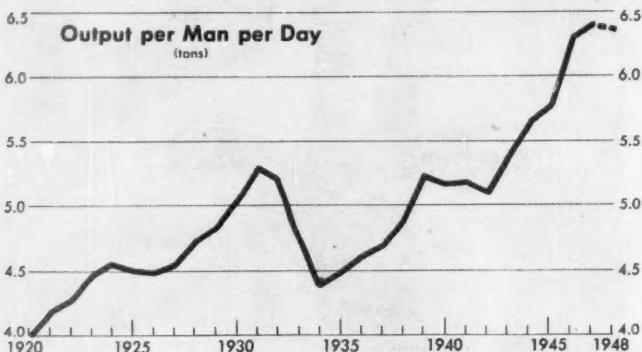
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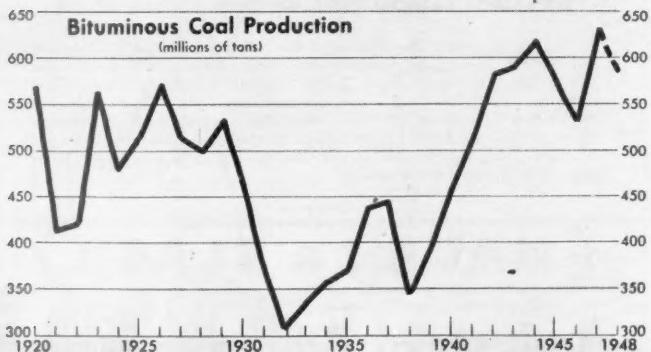
Lewis' "Stability" May Be Key '49 Issue



1 Fewer coal miners...



2 With higher individual output ...



3 Help coal industry raise production

Data: Dept. of Interior, Bureau of Mines.

Lewis fears coal layoffs, is launching a drive to spread the work. Other unions may follow his lead.

The big issue in 1949's round of labor-management negotiations may not be either wages or welfare. John L. Lewis is almost sure to set the pace by his present plan to reopen the coal contract in April; if he also sets the pattern, the big issue can turn out to be employment.

• **Shifting Emphasis**—Since 1920, when Lewis became president of the United Mine Workers of America, the number of coal miners employed and the number of tons each produced have been moving in opposite directions. In the first period of his reign, his attention was concentrated on putting a solid foundation under what was then a pretty shaky organization. He got it on its feet, but it was lean and hungry.

Under NRA Lewis began to put some fat on the UMW; by vigorous organizing he made it then the nation's largest union.

From 1936 to 1940 he was preoccupied with founding and building the C.I.O. When the war came he made sure that miners' wages did not lag behind the industry's prosperity. Since the war he has been concerned with the government's various efforts to cut down his power, and with the establishment of a pension fund.

Now, in 1949, Lewis says he's ready to take on the job of "stabilizing the coal industry."

• **Threat of Layoffs**—Lewis has always made a large point of the high productivity of American coal miners. He claims that it is due to his union's policy of encouraging mine mechanization and technological development. That increasing output has made it easier to raise wages. But it has also been a factor cutting down the number of miners employed. If, as Lewis is forecasting, the demand for coal slackens this year, Lewis' constituents face serious layoffs.

To deal with that situation Lewis wants authority, practically, to schedule the operating week for the nation's mines. He wants to distribute employment and unemployment equally over the coal fields without regard to the efficiency of any given mine property.

• **"Stabilization"**—Lewis has proclaimed that it "might be necessary to advise our members how many days a week they need to work." He is determined that when coal demand slackens, his members will not be laid off because they happen to be employed in high-cost

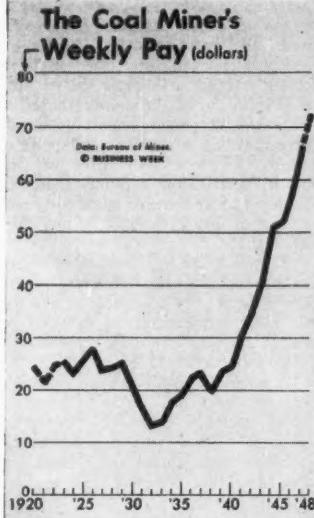
© BUSINESS WEEK



JOHN L. LEWIS is taking up a new issue for 1949—stabilized employment

mines. He says that his union "can and will" provide the "leadership" which will be required to put such a program of "stabilization" into effect.

Lewis maintains that he already has the authority to schedule the work week for every miner he has under contract—through the contract clause which provides that the miners will work only when they are "willing and able." However, he will want to spell it out more specifically in the next contract. As frequently happens, union leaders in other industries throughout the country may find something to copy in what John L. Lewis fights for.



BETTER PAY for miners has been the big issue, so far, in Lewis' 30 years as chief

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"MODERN REPUBLICAN" Henry Cabot Lodge, Jr., Massachusetts senator . . .

Sponsors Annual-Wage Law

Proposal would guarantee at least 30 hours' pay a week for at least 40 weeks a year to employees on government-contract work. Its sponsorship dramatizes the split in G.O.P. ranks.

Labor-relations men could testify this week that there is more to "Modern Republicanism" than just a slogan. Their evidence: a bill in the Senate hopper, authored by Henry Cabot Lodge, Jr., of Massachusetts, which would establish the guaranteed annual wage in an important segment of American industry.

Organized labor is expected to take a friendly interest in the bill—which also bears the name of Sen. Brian McMahon, Connecticut Democrat and Administration stalwart. The bipartisan sponsorship may make it the most important surprise package in the 81st Congress.

• **Family Fight**—Lodge was last prominently in the news when, as the candidate of a group of liberal Republican senators, he ran against Sen. Taft, unsuccessfully, for the post of party leader in the upper chamber. His supporters called themselves "Modern Republicans," much to Taft's chagrin. Taft insisted there was nothing more "modern" or "liberal" in their record than in his. All they had that he didn't, he insisted, was a slogan.

Now—at least insofar as Lodge represents the approach of the 14 Senate Republicans who think of Taft as a "moss-back"—the liberal group has a legislative proposal which its opponents can be expected to fight bitterly. It would amend the Walsh-Healey act to provide that

employees on government-contract work exceeding \$10,000 be guaranteed 30 hours of wages for 40 weeks in every 12-month period. The government would, of course, underwrite the guarantee.

• **Arguments**—In introducing his bill, Lodge made three principal points:

(1) People live and plan by a yearly cycle; the most generous hourly or weekly wage will leave the employee feeling insecure if he faces the possibility of being cut off the payroll tomorrow.

(2) A government-supported annual wage covering a segment of American industry which is competitive will permit its installation without raising an employer's fear that his labor costs may get out of line with those of his competitors.

(3) Such a law will yield some of the latent benefits which the enterprise system is capable of providing: it will fortify faith and enthusiasm in that system's vigor, and forestall a succession of policies which would sap it.

• **Industry's Attitude**—What comment there has been thus far in industry circles is generally critical of the Lodge proposal. What little support it has gathered there comes from employers who think that they will have to institute annual-wage plans some day anyhow, and that this may be an opportunity to get free experience with the problem's complexities.

Pension Pacer?

Weirton's \$100 monthly pension may set floor for C.I.O. steelworkers' demands. Other unions press drives.

The United Steelworkers of America (C.I.O.) is on a spot. Weirton Steel Co.'s recently-announced pension plan (BW-Jan.22,49,p112) has put it there. Unless it is to lose face, the union must win a program that's at least comparable to Weirton's when it negotiates with unionized steel employers this year.

• **Weirton Sets Pattern**—Weirton is one of the few major steel companies that have stayed off C.I.O. unionization for a decade. In its contracts with its independent union it has regularly anticipated C.I.O. settlement terms. Often, Weirton has influenced contract terms of C.I.O. companies by what it has done in staying a jump ahead of Philip Murray's union.

• **What It Is**—Weirton's plan is essentially this: The company guarantees to pay workers, on retirement, the difference between what they can collect in social security benefits and a basic \$100 a month. To qualify, an employee must be 65 years old and must have worked 15 years for Weirton. Company and employee contributions will finance the plan—and an employee can elect to participate, or not, at any time after five years on the payroll.

Reports out of Pittsburgh are that Murray plans to ask the steel industry for a \$150 pension, to be financed entirely by the companies. Such a plan would cost employers 9¢ per hour per employee, the union estimates.

• **Issue This Year?**—The C.I.O. steel union will lay its pension demand on the bargaining table when it opens wage and social-security talks with U.S. Steel Corp. about May 16. While the contract doesn't say so specifically, the union considers the pension plan part of a broad social-insurance program—hence a legal bargaining objective under its contract. If it is, the union is free to strike to support a pension demand.

• **Other Pension Drives**—Pension demands are going to come up at the bargaining tables of other industries besides steel. But there's some question how strongly the unions other than steel will back their pension drives when a showdown comes. The reason: Union economists realize that no real retirement program can be financed on much less than a dime per hour per employee. They're not sure, right now, that employers can give any such amount and meet other wage and insurance demands.

But it may turn out that the Weir-

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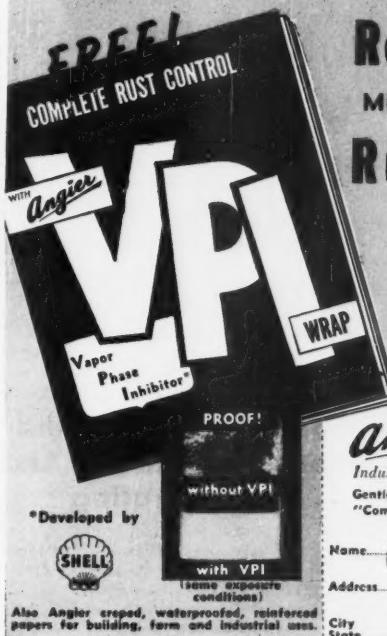
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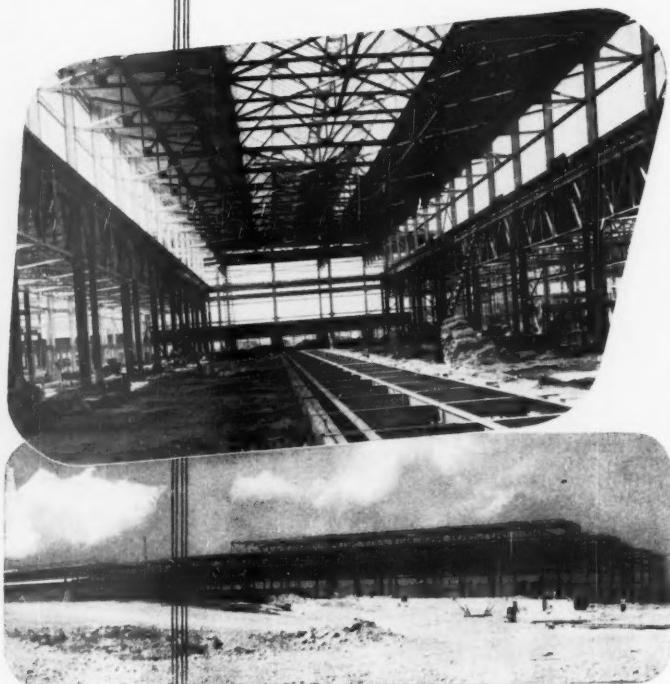
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ton plan has set a floor for a compromise for the steel industry—and for other industries as well.

Here's what some of the other unions are shooting for:

- **U.A.W. Goal**—The United Auto Workers (C.I.O.) has come out with more details on its top contract demand for 1949: retirement pay. It sets its goal at \$100-a-month pensions for its 1-million members.

So far, U.A.W. hasn't said how it wants to have pensions financed. But a year ago Walter Reuther warned that his union wouldn't call any pension plan adequate unless the employer paid at least 70% of the cost.

- **Tryout at Ford**—Ford Motor Co. will probably get U.A.W.'s demands within two months. When Ford and U.A.W. talked pensions in 1947, negotiators agreed on a plan. Ford rank-and-file workers turned it down. They took an hourly wage hike instead.

But first U.A.W. has a question of procedure to iron out: Should the union go after pensions company by company, or on an industrywide basis?

President Thomas Thompson of Ford Local 600 has come out strong for an industrywide drive. In a letter to Reuther, Thompson said his object was to take pensions out of inter-company competition. Labor observers in Detroit saw another reason: U.A.W. strategy this year apparently calls for Ford employees to carry the ball in a drive for welfare programs. Thompson does not want his Ford employees forced into a strike for a plan that later would be extended throughout the industry.

Thompson urged that representatives of all auto and parts manufacturers get together to work out an industrywide plan with U.A.W. He said his plan would: (1) permit auto workers to change jobs in the industry without losing their coverage; (2) permit coverage for workers in small plants that couldn't finance pensions on their own; (3) set up a fund large enough to cushion possible effects of recessions or depressions; and (4) "settle the issue in one negotiation"—as the coal industry did—and thus cut bargaining problems.

- **U.E. and U.R.W.**—The United Electrical, Radio & Machine Workers and the United Rubber Workers (both C.I.O.) already have pension plans in many contracts. But the unions feel that the retirement pay provided is too low for "an adequate living."

Both may ask employers to boost pension payments to \$100 or more per month, though neither is expected to take the leadership in welfare bargaining. U.E. president Albert Fitzgerald told union members last week that "an old couple needs at least \$140 a month to get along." U.E.'s goal, he said, will be to provide "an adequate budget" for pensioners.



BOOKLETS on hobbies, health, and company policies are one means of . . .

Getting Information to G.M. Employees

Racks for free literature have suddenly sprouted in all General Motors plants. They are part of the company's new employee-information program. In the racks workers will find reading material that G.M. thinks will interest them—or that puts across ideas G.M. thinks worthwhile.

This week's selections showed the kind of things that G.M. thinks will do both jobs. Workers, like the one above,

were picking up: (1) "ABC's of Hand Tools," a booklet on home workshops; (2) "Ker-choo and You," a homily on the common cold; (3) "Blueprint for Savings," a reprint of four talks by G.M.'s radio commentator, Henry J. Taylor.

There will always be three titles on display. Every eighth day the "best seller" will be kept in the racks, the two other titles will be replaced.

U.A.W. Sells Itself to Rank-and-File

Education department aims at teaching union leaders how to win and keep members solid. It shows Reuther to be in solid, too.

The fightin' and feudin' United Auto Workers (C.I.O.) has always had a tough problem: getting solid rank-and-file support for union policy and economic programs. That problem, born of factionalism, is in large part behind the union's high interest in "self-improvement" programs.

- **Selling the Union**—U.A.W.'s education department, headed by Walter Reuther's brother, Victor, is one of the union's top operations. Its job is to "sell" union decisions to rank-and-filers—to publicize policies and programs, so that at the proper time they will have backing at the grass roots.

Last week, Victor Reuther's department put on its most important show of the year. It was watched closely by all persons interested in (1) what U.A.W. plans to do in 1949, and (2) possible undercurrents of strife in the union.

- **Conference**—The event was the second annual National Educational Con-

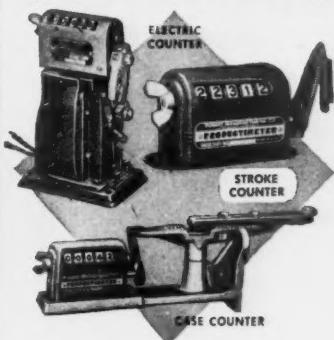
ference of representatives of U.A.W. locals from coast-to-coast. Held in Milwaukee, the get-together drew 2,500. It was an educational exhibit, a seminar, and a scale-model convention, all rolled into one.

Union officials reviewed U.A.W.'s proposed program for 1949. Plans were outlined, and strategy discussed, on wage and pension demands for 1949 (BW-Jan. 22 '49, p.19), political action, a fair employment practices campaign, and proposals to extend food and other cooperatives.

- **Education Stressed**—Educational staff personnel displayed union literature. How-to-do-it sessions were held to show local committeemen how to publish union papers and what to put in them; how to conduct public relations programs; and how other union activities should be guided effectively.

Events moved evenly. The conference indicated that Reutherites are still in firm control of U.A.W. Repre-

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sentatives of a scattering of left-wing (anti-Reuther) locals had little to say. Although the conference was a made-to-order opportunity for political caucus sessions, there's nothing to hint that any new lineups were organized for U.A.W.'s next election in July.

• **National Politics**—On the surface, at least, more interest was shown in national politics than in union politics. Walter Reuther set the tone when, in his keynote address, he urged that U.A.W. go in for "political action 365 days a year."

Reuther called for collaboration with "the combination that won on Nov. 2—A.F.L. and other labor unions, farm, liberal, professional, white collar, and small business groups, and housewives" to build effective political machinery in congressional districts and every community.

Jack Kroll, director of C.I.O.'s Political Action Committee, echoed Reuther's call for organization "right down to ward levels, including precincts and blocks," in time for 1949 state and even municipal elections.

Scope for Minorities In Labor Unions?

Does a minority group—particularly the Negro—really have a hand in the internal workings of its union? The United Packinghouse Workers of America (C.I.O.) wants to know; it has asked the help of the race relations department of Fisk University to get a full and unbiased answer.

• **Creed**—U.P.W.A. has between 25% and 30% Negro membership, a large part of it in the South. Since 1945 it has consistently held that its members have equal union and job rights "regardless of craft, sex, age, nationality, race, color, creed, or political beliefs consistent with democratic processes."

Purpose of the current self-analysis is to find out how well this policy is being observed—and how well it's working. The union wants to know just how active minority groups are in union affairs—how they fit into union leadership groups ranging from rank-and-file committees to local union executive committees.

• **Problems**—The union wants to know more about the problems minority groups run into in plants and plant communities. Hence, the survey will also go into "management practices and community practices that impinge upon the ability of a worker to enjoy an equal opportunity to earn a living." The union says it considers its study as "an entirely new and significant" educational approach. Management's big interest in the report is in its possible use in contract bargaining.

LABOR BRIEFS

NLRB notes a slump in petitions for union-shop votes. Its backlog reached an April 30 peak of 14,421 pending cases; at the year's end the tally was only 6,110. In December NLRB closed 2,705 old cases, docketed only 1,662 new ones.

British unions will string along with the C.I.O. in mapping plans for a new world union (BW-Jan. 22 '49, p 110). British Trades Union Congress has decided not to attend an A.F.L. meeting on the subject.

Frank Hook won't get a job as counsel for the House Labor Committee. The former Democratic Representative from Michigan was the choice of Chairman John Lesinski and U.A.W. But he was rejected, 16-8.

Dispute over safety rules made 7,500 West Virginia miners idle this week. Issue: Whether supervisory workers, instead of union members, can be used to check pit safety between work shifts.

Tennessee unions are behind a legislative drive to get the state anti-closed-shop law repealed.

Wage increases in fourth-round settlements average 10.7¢ an hour, so far, according to a National Foremen's Institute analysis of contracts.

Printers' strike in Hammond, Ind., has ended with contract calling for a \$12.50 weekly pay raise. Strike was part of the 14-month dispute involving Chicago newspapers and International Typographical Union (A.F.L.).

Kaiser-Frazer sickness and accident disability plan has been revised upwards. Workers will get \$30 maximum for 26 weeks—double the amount under the U.A.W.'s pact last June (BW-Jun. 19 '48, p 106). K-F pays whole cost of the plan. It comes to 5¢ for each hour worked by eligible employees.

Pay demands won't be made by C.I.O.'s Amalgamated Clothing Workers until a committee reports on fourth-round prospects. It will take about three months. The union thinks the trend in increases should be clear by then.

The Pictures—Acme 60; Bob Iscar—66; Harris & Ewing—19, 88; Keystone—97; Sovfoto—98; Wide World—25 (mid. left), 84, 87.

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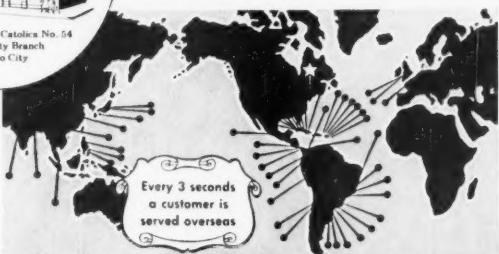
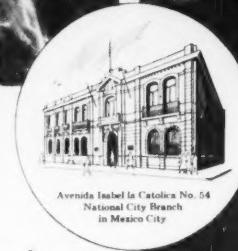
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INTERNATIONAL OUTLOOK

BUSINESS WEEK

FEBRUARY 5, 1949



Don't underrate Stalin's latest "peace" moves.

Not that Truman will jump at the bid Stalin made in his recent interviews. The U. S. will stick to its stand-offish attitude until it is sure that the Kremlin is after peace—not a breakup of the growing unity of the West.

But there's at least some evidence that this time Stalin really hopes for quiet in Europe. And Washington won't refuse to listen if Moscow can prove it means business.

What Stalin may want is time to consolidate his position in China.

The cost of the cold war is already high for Russia. To fight it on two fronts could be more than Stalin wants to tackle. Here's why:

(1) Russia's postwar military economy has prevented real economic recovery. Even in the U. S. S. R. consumer needs can't be completely ignored.

(2) Moscow's satellites in eastern Europe haven't paid off economically. Hence Moscow's present willingness to let them trade with the West (page 97).

(3) Communist victories in China are lengthening frontiers Russia has to defend. This will take a big Russian investment in new transport and communications.

Of course, there are no signs yet that Stalin will offer a European settlement that the U. S. will buy.

In fact, Moscow isn't missing the chance to undermine the North Atlantic Alliance before it's formed. Nor has it given up hope of making Germany neutral ground between East and West.

But it's obvious that Washington won't scrap plans to (1) bring security to the North Atlantic community; (2) integrate Germany with western Europe.

France wants to get in on the ground floor of President Truman's world development program (BW-Jan.29'49,p19).

A group of French banks is trying to sell private U. S. investors a plan to develop France's African dependencies. The government-backed Banque Indochine is the chief sponsor.

The French want to form a Franco-American Development Corp. to tackle the job. One objective: to break Britain's cocoa monopoly in west Africa.

The French broached the idea to ECA in Paris recently. They have also approached several U. S. banks and investment houses—Brown Bros., Harriman, Kuhn Loeb, Lazard Freres, World Commerce Corp., Chase National, National City, Guarantee Trust, and Bank of America.

U. S. foreign traders see a contradiction in Truman's foreign economic planning.

On the one hand, Truman calls for more U. S. private investment abroad.

On the other, he wants Congress to approve the International Trade Organization charter. But the charter leaves foreign countries free to (1) discriminate in favor of domestic investors; (2) expropriate foreign capital.

The State Dept. has no pat answer to this complaint. However, it plans two moves:

(1) Expand and update U. S. treaties of friendship, commerce, and navigation. About a third of the Latin American nations have such treaties

INTERNATIONAL OUTLOOK (Continued)

BUSINESS WEEK
FEBRUARY 5, 1949

with us; but some are 100 years old, none have clear investment provisions.

(2) Negotiate bilateral treaties on investment with Latin America in particular. This is provided for in the ITO charter.

The State Dept. can't get this program underway before the charter goes to Congress. But when Truman presents it he will tell Congress about the bilateral treaty plan.

Moderates in the British Labor party have squelched plans for a lot of nationalization.

Labor theorists had looked longingly at shipbuilding, housing, coal distribution, chemicals (BW-Jan. 15/49, p100). The idea was to get this list in the Labor platform for the next election.

But the party's executive committee has turned thumbs down. So has the policy group of the Trades Union Congress.

Now a compromise platform seems likely. It would either (1) offer a vague promise of further nationalization, if conditions are right during Labor's second five years in office; or (2) shorten the nationalization list to waterworks, industrial insurance, and—maybe—chemicals.

Britain's Board of Trade has boosted its export insurance kitty from £300-million to £500-million.

Calls for coverage have skyrocketed since the war. Amounts guaranteed in fiscal 1945-1946 totaled £72-million. In the first nine months of 1947-1948, the figure was £198-million.

Under the British system an exporter buys an insurance policy to cover the "main risks of overseas trading." It guarantees up to 85% for insolvency, up to 90% for other risks.

The fall of Peron's economic boss, Miguel Miranda, doesn't mean the end of state trading in Argentina.

But it may mean a little less price gouging and hoarding of Argentine exports. Peron has decided these tactics don't pay off in the long run.

Here's what Buenos Aires traders hope the new regime will do:

(1) Lower the exchange value of the peso to boost exports. (The traders don't want a drastic devaluation, though; that would skyrocket the cost of imports.)

(2) Release some of IAPI's huge hoard of linseed oil, hides, grain, quebracho, etc. The state trading agency now has an inventory running to more than 2-billion pesos as the result of holding out for stiff prices.

(3) Allow U. S. plants in Argentina to reopen. A number have been closed down for months for lack of imported parts from the U. S.

Czech traders in Washington are trying vainly to shake loose some U. S. machinery and cotton.

The Czechs want the Commerce Dept. to waive export controls on \$17-million worth of machinery on order here.

And they want the Export-Import Bank to renew the \$20-million cotton credit granted to the Benes government two years ago. The bank stopped payments last year after half of the credit had been used.

So far the Czechs have run up against a wall.

Both Commerce and State have assured them that the machinery will stay put in the U. S. for some time yet. Nor will the Export-Import Bank credit be renewed—unless, perhaps, Prague comes across with \$130-million compensation for U. S. property nationalized since the war.

BUSINESS ABROAD



POLISH GRAIN will flow less toward the east, more toward . . .



WESTERN TABLES like this in Britain. Necessity has made . . .

East-West Trade Barriers Lower

Secession of Yugoslavia, inability of Russia to supply capital goods—and Marshall Plan success—bring economic shift.

This week Europe's capitals were abuzz with East-West trade talks. Eastern European traders were shopping for western European machinery and industrial goods. As payment, they offered food and raw materials. And their terms were tailored to western Europe's demands.

• **\$500-Million Increase**—Trade pacts already in the mill point to a \$2-billion East-West trade volume this year. Allowing for price changes, that is still about \$500-million below the volume of 10 years ago. On the other hand it is a good \$500-million more than 1948's trade volume.

Some observers think the common sense of economics is making headway against the East-West political stalemate in Europe. Actually the upswing in East-West trade can be traced to three things:

(1) Russia's inability to supply its satellites with capital goods.

(2) The secession of Yugoslavia from the Soviet bloc.

(3) The success of the Marshall Plan, which has put western Europe in a position to dictate trade terms to eastern Europe.

• **Overloading**—Far from supplying its satellites with the wherewithal to build industries, Russia has overloaded the existing industrial potential in eastern Europe with its own demands. The Kremlin has exacted trade terms that amount to little less than robbery. As a

result, it has driven eastern Europe's economy to a point where further Russian exploitation can lead only to bankruptcy.

Yet Moscow plans to step up its levies on eastern Europe's production in 1949. This year at least 1/3 of the total industrial output of the satellite states will go to Russia. Trade between Romania and Russia is to total \$93-million—two-and-a-half times the 1948 volume. Hungary's contribution is to go up 200% (to \$150-million); Czechoslovakia's increase, +45% (to \$360-million); Poland's, 35% (to \$200-million); and Bulgaria's, 20%.

• **Two Agreements**—In addition to regular yearly exchange of goods programs, Moscow has set up long-term agreements whereby Russian raw materials are shipped to satellite nations for manufacture into machinery and other industrial goods. Two such agreements are now on the books—a nine-year, \$450-million pact with Poland; and a five-year, \$150-million pact with Hungary. In both cases Russia will get machinery for its raw materials.

Russia knows that the only way it can fulfill this plan is by facing the facts. It can't go on taking the proceeds of eastern Europe's industries without any regard to the wear and tear on the means of production. If Russia can't supply the machine tools and heavy machinery, it will have to let the West do it—even at the risk of letting eastern

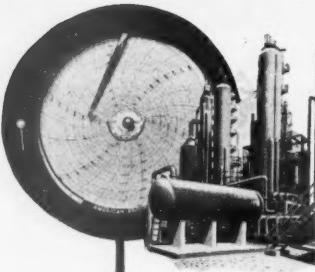
Europe become more dependent on western markets.

• **Yugoslavia**—The Yugoslav defection speeded up Moscow's decision to let down some barriers to East-West trade. Last year Russia forced its satellites to follow its lead in boycotting trade with Tito. (All eastern European trade pacts have to be ratified by Russia.) Now Tito has decided to hit back where it hurts most.

During the first three quarters of 1948, the Soviet bloc got 70% of Yugoslavia's copper, 70% of its mercury, 60% of its lead, 60% of its antimony, 60% of its ferrochrome, and similar percentages of other metals. But in 1949 barely 15% of this output will go to Russia and the satellites; Moscow will have to shop in the world market for these metals—and with hard currency to boot.

• **Economic Crisis**—The Yugoslav counter-blockage has so intensified the economic crisis in eastern Europe that Moscow has had to ease its trade terms even with its satellites. There is evidence that until last year: (1) the satellites supplied their wares to Russia at prices that averaged 30% less than the world market price; (2) Russia exacted prices 30% to 40% above the world market average for its shipments to eastern Europe.

Lately the satellites have been getting a better break. For example, under the most recent Soviet-Czech trade pact, all payments to the Czechs are to be computed on the basis of world prices plus half the costs of transportation and insurance. In addition, Prague received a



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short-term credit in gold and hard currency. (Interest terms were reported to be 3½%, or 1% more than the Export-Import Bank charges on its short-term credits.)

• **Limited Willingness**—While the satellites have been able on one hand to ease Russia's trade terms a bit, they have had to knuckle under to western Europe's terms on the other. Satellite traders in London, Paris, and Brussels have found that western Europe is only willing to trade its machinery for basic necessities.

The same line of reasoning applies to prices, of course. The satellites will have to pay going market rates for any western trade. Since they are covered by the Marshall Plan, western traders can afford to tell eastern Europe to take their terms or lump them.

• **Compensation**—Also eastern European traders have had to knuckle under to western demands for compensation for properties nationalized in the satellite states. Hungary had to surrender 10% of its export revenues from trade with Switzerland to satisfy the claims of Swiss creditors. Poland had to surrender 4% of its proceeds from the five-year, \$1.2-billion pact with Britain for the same purpose. Poland also had to ship 3.8-million tons of coal to France to pay for French claims.

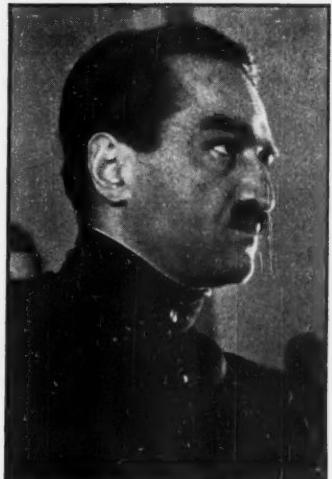
Western Europe, the U.S., and Russia stand to gain from increased East-West trade.

To western Europe it means less reliance on hard-currency areas for food and raw materials. For example, Britain will get more and more bacon, eggs, lumber, cheese (and some vodka) from Poland between now and 1953. Cheap Polish coal will be a stabilizing influence on the French economy. At the same time trade with Poland will open a market for the French consumer-goods industries.

• **U.S. Benefits**—The U.S., of course, benefits indirectly. Buying from eastern markets makes western Europe less dependent on our resources. Furthermore, trade pacts signed by western Germany and Austria with eastern Europe help to cut occupation costs. That is why the U.S. is letting Austria barter cotton bought under ECA for Hungarian food-stuffs. A \$5-million deal to this end was signed in Vienna this week. Waiting to sign similar agreements with Austria are Poland and Romania.

Austria has also signed a trade pact with Yugoslavia calling for \$42-million worth of trade this year. Austria will get some of the Yugoslav metals output that would normally go to Russia. There is no doubt that the U.S. will give its tacit blessing to more deals like this. For it is one sure way of keeping Yugoslavia from returning to Soviet trade circles.

• **Better Positions**—As for the satellite countries themselves, they've definitely



MOSCOW'S TRADER, A. I. Mikoyen, will keep satellite economies geared to Russia's

improved their bargaining position with Russia. Moscow has had to face the economic fact that it can't merely loot indefinitely.

But there is no loosening of Russia's control over the economics of its satellites. The new Council for Mutual Economic Assistance (BW-Jan. 29 49, p83) will coordinate all trade within the Soviet orbit as well as have the final say on East-West trade deals.

The power behind the scenes in the council is Moscow's first trader, A. I. Mikoyen. Mikoyen's major job will be to see that the imports from western Europe—particularly capital goods—go to work as quickly as possible for Russia.

INDIA COUNTS HER SWARM

NEW DELHI—The Indian government intends to count the noses of about an eighth of the world's population—and do it before 1951. That's what the forthcoming census will mean. Officials figure that there are about 350-million people in India today—8% more than in 1941. (The 1941 census showed 389-million, but at that time Pakistan was part of India; Pakistan took away about 80-million people when it seceded.)

It's no easy job to count noses in India. For the next 12 months presses will be rolling out 4-million individual forms to be used by about a million census takers. Despite the fact that several Indian cities are in the multi-million class, 70% of the population are born, live, and die in villages where there are no proper records, no house numbers, no streets—in fact not much of anything but Indians.

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"**I** BELIEVE that business must serve employees, stockholders, consumers, and government and that management must keep the interests of all these elements in balance.

"... to the extent of my authority I will try to preserve this balance.

"**I** BELIEVE that management's operating goals are continuously improved productivity and growth, in order to provide jobs, reward investors, attract capital, and provide more and better goods and services at lower cost.

"... in any capacity in which I find myself I will work toward those goals.

"**I** BELIEVE further that the greatest assets of a business are its human assets and that the improvement of their value is both a matter of material advantage and moral obligation; I believe, therefore, that employees must be treated as honorable individuals, justly rewarded, encouraged in their progress, fully informed, and properly assigned, and that their lives and work must be given meaning and dignity, on and off the job.

"... if I have the supervision of so much as one other person I will strive to honor these principles in practice.

"**I** BELIEVE that a reputation for integrity is another priceless asset of any business and that management must deal fairly with customers, competitors, and vendors, advertise truthfully,

fulfill its commitments, co-operate with other managements in the betterment of business as a whole, and oppose any artificial restriction that may limit production, fix prices, or restrain trade.

"... in my daily work I will try to deserve, and make my business deserve, a reputation for integrity.

"**I** BELIEVE that the future of the American economic system depends on the confidence, good will, and understanding of the people, and that business leadership must make itself a responsible part of the human community by participating in worthy activities, locally and nationally.

"... as a representative of business and as an individual I will identify my business and myself with the welfare of people.

"**I** BELIEVE that whenever business has earned a hearing, it has not only a right but a duty to ask for public confidence, and that it must speak freely, give information gladly, and answer the attacks of those who seek to undermine American freedom under democratic capitalism.

"... I will speak out in behalf of my business and the system which it represents.

"**I** BELIEVE, finally, that business leadership is nothing less than a public trust, that it must offer a message of courage and hope to all people, and that it can help an economically strong America to lead other nations to lasting prosperity, freedom, and peace.

"... I will work not only for the advancement of myself, my family, and my country, but for liberty and democracy for America and for the world — now and in the years to come."

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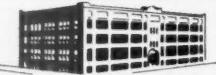
To acquaint more men and women with the advantages of improving their understanding of management principles and methods, the publishers, Funk & Wagnalls Company, will send the introduction to the reading course in executive technique to anyone who requests it. The address is Funk & Wagnalls Company, Dept. BW 2-5, 153 East 24th St., New York 10, N. Y. A penny postcard will do. There is no charge for the booklet.—Advt.



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Canadian Plight

**British-Polish trade deal
cuts Canada's food sales. Should
Ottawa stick with British market
or turn to U. S.?**

OTTAWA—Last month's Anglo-Polish trade deal was a shock to Canada.

Canadians have had warning during the past year that the British market for their surplus farm products would shrink. But they were unprepared for the size of the order for bacon and eggs that Britain just placed in Poland.

• **Bacon and Eggs**—In 1949 Poland is to ship 45-million lb. of bacon to Britain; the figure rises to 135-million lb. in 1953. Meanwhile Britain has cut its contract for Canadian bacon to 160-million lb., from last year's 35-million.

London is also to get a good batch of Polish eggs—13-million doz. in 1949, 36-million in 1953. Canada's egg shipments are dropping this year from 74-million doz. to 46-million.

Britain will probably buy less Canadian cheese, too. And, apparently, there is to be no contract at all this year for Canadian beef.

• **Hint**—Canadians got an inkling a year ago of how shaky the British market is

for their meat, eggs, and cheese. At that time the British government didn't want to renew its annual contracts for these products.

The British offered a good excuse—their shortage of Canadian dollars. But Ottawa got 1948 contracts (on a smaller scale than 1947) by threatening to call off a four-year wheat contract (ending in 1949-50) that had proved very favorable for the British.

• **Wheat Fight**—The wheat contract itself has brought plenty of haggling between London and Ottawa. By contrast with the annual deals for the other farm products, wheat sales to Britain were put on a four-year basis. The contract price for the first two years was fixed at \$1.55 a bu. But it was agreed that the price for the last two years would take into account the difference between the \$1.55 figure and world market prices. The world price has been as high as \$3, now runs close to \$2.20.

Nevertheless the best the British would offer for the third year (1948-1949 crop) was \$2 a bu. And this is the price that has just been put on the 1949-1950 crop. Britain managed to postpone until 1950 any final settlement for the losses Canada had suffered from the \$1.55 price.

• **Cooling Off**—All this has cooled the Canadian government's enthusiasm for



U. S. Paint Maker Sets Up Hawaiian Branch

Walter N. Boysen Co., Oakland (Calif.) paint manufacturer, has decided that the Hawaiian market has a pot of promise. So it has set up a Hawaiian subsidiary, Boysen Co. (Hawaii), Ltd., which has opened this modern shop on Honolulu's Kapiolani Boulevard. Next door is the company warehouse and three other stores, two of which

have been leased out until Boysen is ready to expand into them.

Company president Walter Boysen sees a big future in the Pacific market. He already has paint shops in the Philippines, China, and Siam (as well as South America and 11 U. S. states). Local Hawaiian capital owns a minority interest in the new company.

long-term bulk food contracts. It has forced a critical appraisal of the position taken by the chief sponsor of the program—Agriculture Minister James G. Gardiner.

Other members of the government wonder if it wouldn't be wiser to scrap the bulk sales policy, rely on the U.S. as a market for Canadian farm surpluses. They point to this fact: Last year, when Britain let its beef contract lapse, the Canadian beef surplus was sold easily in the U.S.

• **Safer Market**—Gardiner admits the 1949 contracts are disappointing. But the agriculture minister regards Britain as a safer long-term market. So he plans to fight for his policy. And he thinks that somehow he will manage to get it back on the rails.

Lift for Latins

Government agency helps get U.S. know-how into Latin-American republics. Investors will be beneficiaries.

One governmental agency is sure to get a boost from President Truman's inauguration-speech program. The State Dept.'s Institute of Inter-American Affairs fits naturally into any scheme for getting U.S. know-how to work in the world's backward areas.

Under Dillon S. Myer the Institute is helping open up Latin America for U.S. investment. The opening up consists of selling the Latin republics on better standards of health, agriculture, and education.

• **Working Agency**—The Institute of Inter-American Affairs is no mere planning agency. It has 25 teams in the field at present putting U.S. know-how to work in 16 Latin republics. Each team is composed of about 10 Americans and 100 Latins.

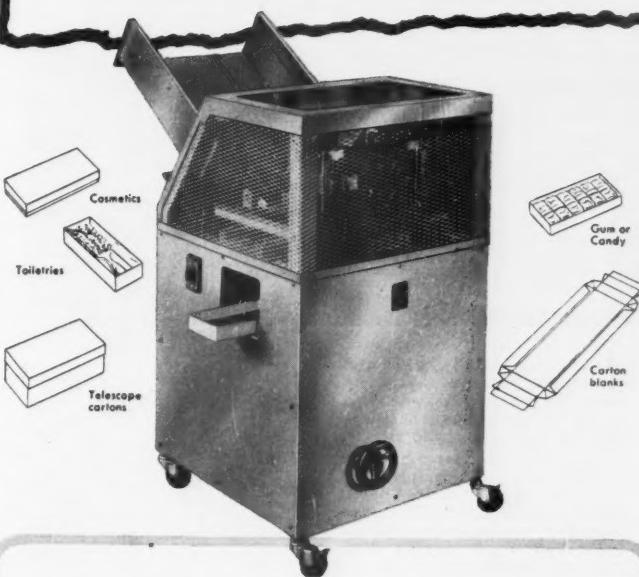
Each institute-sponsored project has to be approved by the Latin-American government concerned. And 80% of the costs are covered by the local treasury. The institute's funds are used almost entirely for U.S. technicians and equipment.

• **Spadework**—The institute's work is no broader in scope than its \$5-million annual budget granted by Congress. But it is doing some spadework for President Truman's "bold new program" that may pay off in heavy dividends to future U.S. investors. Examples:

Institute studies led to the Export-Import Bank's making a \$4-million loan for farm development in Haiti last year. And that meant more business for U.S. manufacturers.

This story could be repeated over and over again in other parts of Latin

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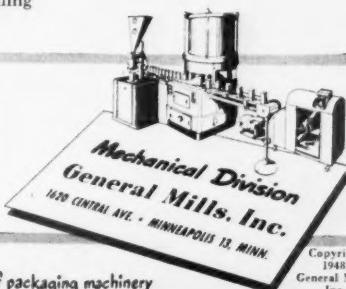
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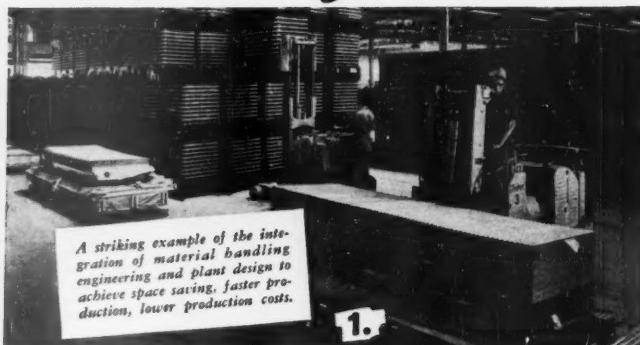


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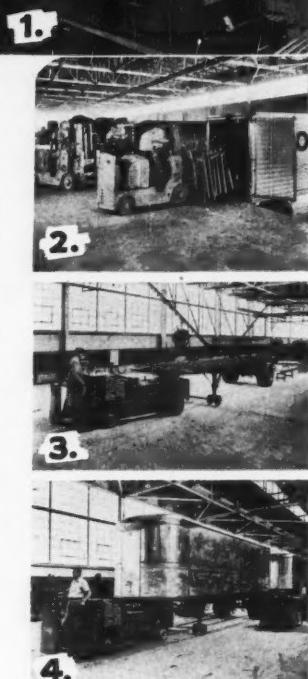
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America. Here is what the institute is doing.

Agriculture. Four programs are underway—in Paraguay, Haiti, Peru, and Costa Rica. In Paraguay a 27,000-acre ranch, a 500-acre farm, and a model dairy have been set up under the institute's guidance to teach local people the best in U. S. farm techniques. Smaller demonstration centers have been set up all over Haiti.

Soil conservation is the institute's big job in Costa Rica.

And in Peru, several machinery pools have been set up to see that Peru's supply of farm equipment gets the broadest possible use.

Health and Sanitation. The institute has health programs underway in 14 Latin republics.

The institute hires U. S. engineers to boss the installation of water-supply and sanitation systems and then trains local personnel to take over their operation. But the bulk of its work is in the medical field. It has set up some 88 health clinics to teach the treatment and prevention of tropical disease—a very real cause of retarded agricultural and industrial development in Latin America.

The institute has brought more than 1,000 Latin doctors, nurses, and other personnel to the U. S. for training; it has trained more than 5,000 others on the spot. And the institute has inspired a large hospital-building program.

Education. To support its farm and sanitation programs, the institute has seven educational projects under way in Latin America. These range from training new carpenters and mechanics in Paraguay to teaching the three R's in Bolivia.

ECA'S LEDGER

More Government in ECA?

Private U. S. banks are going to lose a chunk of their ECA business when Paul Hoffman's new way of dispensing dollars gets rolling.

Last week Hoffman said that he plans to open an account for each Marshall Plan country at the New York Federal Reserve Bank. The countries can draw negotiable sight drafts on the bank to get their dollars.

• **Revolving Accounts**—The amount of each account is subject to negotiation with the country involved. Chances are, they will be revolving accounts. That is, France, say, has a \$40-million account and draws \$5-million from it; ECA will then put \$5-million more in the bank to get the kitty back to par.

Not all ECA purchases will be made this way. In fact, it now looks as though the new method will apply only

to small purchases—\$500,000 or less. But this will still take a lot of business away from private banks. Last year they handled more than \$1-billion worth—or a quarter—of ECA's business (BW-Jan. 22 '49, p117).

• **Reasons**—Hoffman, of course, is trying to simplify things via the new financing scheme. ECA won't have to issue so many letters of commitment authorizing private banks to give letters of credit for ECA purchases. More important, countries with small dollar reserves won't be embarrassed by the difficulty of getting reimbursements from ECA for purchases they make on their own.

Netherlands is a good example. The Dutch, who do all their trading through private importers, have had their hands full getting reimbursements from ECA. Reason: Dutch importers are struggling with ECA regulations, etc. As a result the Netherlands counterpart fund—which reflects in local currency the dollars received under ECA—hasn't gone up since the beginning of last November. And meantime the Dutch gold reserve has been slowly ebbing away.

• **Dissent**—Bankers and many foreign traders are up in arms over the new ruling. They fear it is just another step toward making ECA a government-to-government operation. They accuse Hoffman of throwing out Congress' mandate to use private trade channels wherever possible.

But just as in the recent fight over ECA's 50-50 shipping clause, Hoffman is standing by his guns to run ECA as economically as possible. Chances are it will take an act of Congress to change his financing policy—just like it will take an act of Congress to change his shipping policy.

Other Developments

Section 202. ECA has recovered some \$30-million so far in penalty payments for goods that were overpriced, short-weighted, or otherwise didn't meet requirements.

Section 202 says that purchases must be made at "prevailing U. S. market rates" and that items delivered meet the buyers' specifications. The \$30-million recovered under this clause shows ECA is making some headway against the legal headaches involved in interpreting Section 202.

ECA's comptroller, Eric L. Kohler, says misunderstandings—not fraud—caused offenses.

The comptroller's office is also charged with finding out what ECA goods are ultimately used for in western Europe. ECA has sent 30 staffers to its overseas missions to take a look. It has also retained the Swiss inspection firm, Superintendents, Inc.

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THE TREND

The Two-Way Growth of Inventories

There has never been any doubt since the end of the war about the trend in size of inventories. It has definitely been up. The latest official figures—for November, 1948—showed the rise was continuing.

When November ended, all business inventories had a book value of \$55.3-billion. They hit that titanic level after continuous and sharp gains during the past three years. The rate of rise, as measured by dollar value, slowed down a little bit in 1948. But the growth, as measured by units, may not have been tapering off at all—because of lower prices.

If you study the relationship between the value of inventories and the volume of sales, you see nothing startling or shocking. At a time when inventories had a value of \$55.3-billion, sales were running at a monthly rate of \$37.3-billion. Nobody feels he should get too excited about inventories equal to roughly six weeks' sales volume.

A Closer Look at the Figures

But a closer look at the inventory picture discloses some interesting factors. Compare the figures for all business inventories with sales for the past two years on a chart. Inventories have been steadily moving upward, while sales have begun to flatten out; that was more true in 1948 than in 1947. So the spread between inventories and sales obviously has been widening during the past year. Of course, it is a narrower spread than was common in prewar days. But a widening gap deserves attention.

Now see what happens when you compare sales and inventories for manufacturing only. The contrast is even more pronounced. The sales curve is much flatter, almost horizontal. But the inventory curve has maintained a uniform upward slant all through 1947 and 1948.

The one thing that should make you gulp in studying the latest figures in manufacturers' stocks is the size of finished-goods inventories. During November, those inventories increased by more than \$450-million. That is the largest rise for any month on record. It very likely was not planned that way. More likely, a good part of the rise was due to unwillingness of customers to accept all offered deliveries.

Another significant point is that all sorts of manufacturers shared in the rise in stocks of goods ready for sale. Percentagewise, the increase was as large for durable goods as it was for nondurables. It was common knowledge that soft-goods lines had caught up with postwar demand and inventories had become a problem. But it became obvious statistically just recently that durable-goods markets were losing luster, too.

By checking the figures over the past year, you will see that manufacturers' working stocks have had only a moderate growth. But shipping stocks have climbed

much more rapidly. Advances in stocks ready for shipping are responsible for more than two-thirds of the total inventory gain in 1948.

It would be premature to say that all of these figures signify inventory trouble. It would be even more risky to say that they herald the beginning of a business downturn. But it is fair to assume that the figures bear closer watching from now on.

What Manufacturers Are Doing

One heavy-goods manufacturer we talked to recently has been noticing the growth of inventories in his own plant, and in his dealers' hands. Last year, he operated his plant at capacity. Everything he made was sold. At the start of 1948, his dealers had practically no floor stocks. But a year-end check showed that his dealers on the average had an inventory equal to a month's sales at the 1948 rate. That was nothing to worry about, he concluded. Dealers could make better deliveries and serve buyers better. However, he figured that if he produced the same amount of goods this year as he did in 1948, and dealers' sales stayed at the 1948 level, the dealers would have two months' inventories in December, 1949. That does not look good to the manufacturer. He is gearing his operations now to produce only enough to meet demand and to keep inventories from getting too big this year.

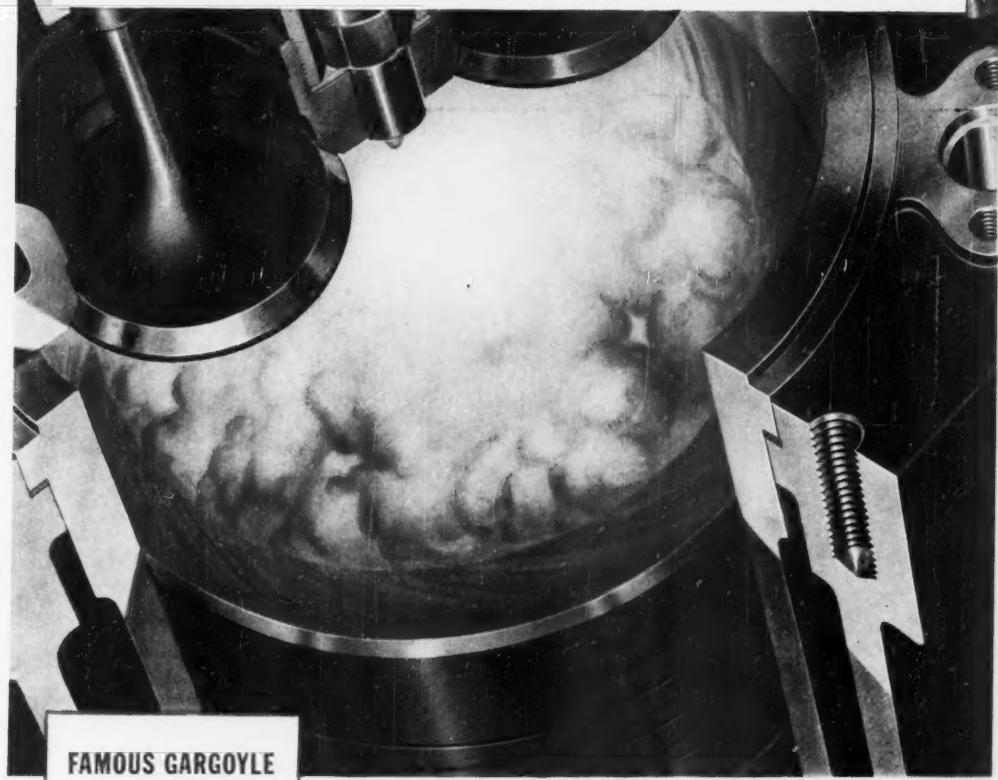
Another manufacturer also told of his recent experience. He is in the appliance field. He shut down his plant in November when the appliance market hit the skids. At that time his factory inventories of finished goods were equal to a 1948 month's sales. Therefore, he rather expected that his stocks of appliances ready for shipment would be run off in a month's time. But by the end of January, 1949, his business had not picked up at all. So that same inventory then looked to be equivalent to three months' sales. He is hoping that it won't turn out eventually to equal six months' sales.

Those experiences demonstrate that inventories can grow in two ways. One is the regular accumulation of more physical stocks—with the piles actually getting higher and higher. The other kind of growth is not visible to the naked eye. The growth is relative only to the volume of sales. The actual size of the inventory may remain constant. But, if sales fall off by two-thirds, the inventory is then three times as large proportionately.

So if you don't keep a close watch on the ratio of inventory to sales, actual and forecast, you can be heading for trouble. Even if you do watch, you are not certain you will not be affected. But there is a safety margin for those who stay alert. And the present situation in inventories certainly demands alertness. Otherwise, there will be sticky inventories which one day will have to be liquidated with severe losses.

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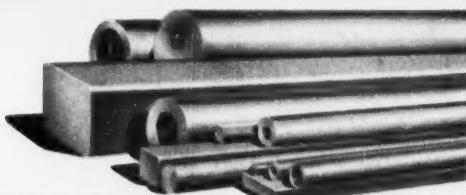
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